

1 ROUGH DRAFT - FEBRUARY 10, 2023

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2 Q Mr. Gould, you were sitting here
3 during the deposition of Ms. Sylvia, weren't
4 you?

5 A Correct.

6 Q And did you hear the instructions
7 that I gave her at the beginning of your
8 deposition?

9 A Yes, I did.

10 Q And do you also agree to abide by
11 those instructions, or do you need them to
12 be repeated to you to the extent you don't
13 recall them?

14 A I agree to those instructions. If
15 I stray aside, just remind me.

16 Q Okay. Very good.

17 So, first, tell me, where is your
18 place of employment? Where is your business
19 address?

20 A My business address is 290
21 Broadway, New York, New York 10007.

22 Q And do you typically work out of
23 your home or do you work of that office or
24 do you work somewhere else?

25 A I typically work out of that

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2 office, although I do work at home,
3 telework.

4 Q And you work for the Internal
5 Revenue Service, correct?

6 A Correct.

7 Q How long have you work for the
8 Internal Revenue Service?

9 A Thirty-two years.

10 Q And has your position always been
11 the same for those same 32 years?

12 A It has.

13 Q And just one of the things is,

14 you're kind of anticipating my question.

15 Try not to talk over the trail of my

16 question, okay?

17 A Yes, sir.

18 Q And what is your position for the

19 last 32 years?

20 A I'm a revenue officer.

21 Q What does it mean to be a revenue

22 officer?

23 A To collect delinquent accounts and

24 secure unfiled returns and resolve any

25 issues that come up in the process of

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2 carrying out those duties.

3 Q Okay. And do you work in the

4 field or do you work primarily out of the

5 office?

6 A I'm a field revenue officer.

7 Q Does that mean that you might go

8 out and interview people and view
9 properties?

10 A That's the most important part of
11 my job.

12 Q And have you been doing that for
13 the whole 32 years?

14 A Yes, sir.

15 Q And is the reason why they call
16 you an officer, does that have something to
17 do with -- do you have law enforcement
18 duty-type of things, or, like, how do you
19 kind of view yourself?

20 A Civil law enforcement.

21 Q Okay. And do you have any
22 training in regard to how you conduct your
23 investigations?

24 A Yes, sir, I have.

25 Q And tell me the -- how you went

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2 through initial training and then after
3 initial how that's updated, if at all?

4 A We've had initial phase training
5 in the first year of employment. And there
6 were any phases. And then every year
7 afterwards, if there are any revisions or
8 updates or any other changes in the manual
9 or requirements of us in the law, we have
10 continuing professional education once a
11 year.

12 Q And did you go to college?

13 A Yes, sir.

14 Q Where did you go?

15 A Buffalo.

16 Q And what was the name of your
17 degree you earned?

18 A Bachelor's.

19 Q And is there a specific focus in
20 your bachelor degree?

21 A Fine arts.

22 Q And is there -- do you receive any
23 legal training, in other words to
24 familiarize yourself with the IRS code or
25 enforcement codes that may be used by the

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2 IRS or similar type of laws?

3 A On an annual basis, counsel will
4 come in and have a round table and discuss
5 certain issues that are predominant to the
6 day that may not be, you know, experienced,
7 you know, routinely. So they'll apprise us
8 of things that are developing -- Ponzi
9 schemes, you know, fraud. We also have the
10 fraud presentation that comes in and tells
11 us certain indicators we need to look for.
12 As well as on-the-job training when you come
13 up with certain case situations, you have
14 access to counsel to get a legal opinion on
15 that.

16 Q Okay. And in regard to knowing
17 the law regarding nominee liability, are you
18 familiar with that?

19 A Yes, sir, I am.

20 Q And tell me what you mean by
21 "nominee liability." What does that mean to
22 you?

23 A Well, a nominee is an entity in
24 which property is placed, but the actual

25 nominee doesn't really have any function in

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2 the operation and/or maintenance of it.

3 Somebody else does.

4 Q And what are the indicators that
5 you look for in regard to that?

6 A Well, I look at the actual
7 structure of the nominee to see if it is a
8 functioning organization, meaning it has
9 multiple board members, it has meetings, it
10 might have payroll. There are a number of
11 things that shows it is an active entity
12 that stands on its own and isn't reliant on
13 any one or couple of people.

14 Q Okay. And do you view -- do you
15 know what I refer to as a "single purpose
16 entity"? Have you ever heard that term?

17 A Yes.

18 Q And a single purpose entity, do
19 you look at nominee indicators the same as
20 you would for a construction company that

21 might have two or three people operating it?

22 A No. They're not the same.

23 Q Okay. And tell me what you

24 believe the difference is between the

25 indicators for a single purpose entity as

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2 opposed to another type of company. And you

3 can use the construction company, that's

4 fine, as sort of your discussion piece.

5 A Well, I would say that they're

6 somewhat similar. There probably is a fine

7 line of distinction between a single purpose

8 entity. The question is, does that single

9 purpose entity, is it a standalone entity or

10 is it at the direction of or is it being

11 controlled by someone or something else.

12 Q And is it just control, or does it

13 have -- I mean, isn't what you're looking

14 for as a nominee is to determine whether or

15 not the company has been set up in order to

16 operate sort of as the alter ego of the

17 person who set it up?

18 MR. MURPHY: I'm going to object
19 to the extent this is just calling for
20 pure legal analysis, but go ahead.

21 Q Okay.

22 A Well, if you -- a single purpose
23 entity can be a nominee.

24 Q Okay. And what -- so when you
25 talk -- that didn't really answer my

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2 question, but let me follow-up with that.

3 What are the indicators for the single
4 purpose entity to be a nominee from your
5 point of view?

6 A Well, if the single purpose entity
7 functions, I'm going to say carries out all
8 the fiscal responsibilities required of it,
9 meaning it has a structure within itself
10 which directs it to do what it's supposed to
11 do, say compliance with taxes -- filing in
12 this case and/or paying in another case --

13 then it's a standalone entity. But if there
14 is an outside agent there or an interest in
15 there that is really just using that as a
16 front for its own purposes, then that, to
17 me, is an indicator.

18 Q Let me ask you this question: Is
19 it unusual for a single purpose entity to
20 have a single director? Is that unusual?

21 A No, sir, it is not.

22 Q Is it unusual for a single purpose
23 entity to have another company own it?

24 A I've seen that.

25 Q It's not unusual, right?

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2 A I'm going to say that I've seen
3 that.

4 Q Okay. And since you've seen it,
5 would you agree that it's not unusual? It's
6 not against the law anyway, right?

7 A I've seen that.

8 Q To your knowledge, is that an

9 indicator of a nominee situation?

10 A There are a lot more variables
11 that have to be taken into account before I
12 agree with your supposition.

13 Q Okay. Well, luckily for you, the
14 case law does set forth some of the
15 variables. Are you familiar with some of
16 the variables that have been indicated in
17 finding nominee liability through your
18 experience? Have you ever been told about
19 those indicators as in the case law?

20 A Well, not being a lawyer --

21 Q Yeah.

22 A -- that's what I have counsel for.

23 Q Okay.

24 A So when I see an indicator -- I'm
25 sorry. I didn't mean to cut you off.

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2 Q Well, no, it was actually me
3 cutting you off.

4 A No, no, no. I'm sorry.

5 Q So the next question is -- finish
6 your answer, please.

7 A If I see something that looks like
8 it might be a nominee, then I will gather
9 more information about it or might end up
10 being evidence depending upon where it goes.
11 And then I will analyze it and I will seek
12 the advice of counsel and/or other subject
13 matter experts that I have available to me.

14 Q Okay. So during your training,
15 are you provided with any list of indicators
16 by counsel, by these other individuals, that
17 sets forth the criteria to designate one
18 person as a nominee for another entity or
19 person?

20 A Well, you know, nominee and alter
21 ego, which maybe we'll broach that topic
22 too, are theories, right?

23 Q Right.

24 A So theories need to be proven.
25 So, therefore, in order to prove a theory,

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2 you need to get all the evidence necessary
3 to establish the fact.

4 Q Okay. So to your left is exhibits
5 that were previously marked. In the first
6 one is your deposition Exhibit No. 1.

7 Do you have that in front of you?

8 A Yes, sir, I do.

9 Q And you've been designated, as I
10 understand it, by the Internal Revenue
11 Service to testify in regard to every single
12 category except for 1 and 6; is that
13 correct?

14 A Yes, sir.

15 Q And in regard to -- before coming
16 here, did you prepare for your deposition?

17 A Yes, I did.

18 Q How did you prepare?

19 A Well, it started with the
20 production of documents.

21 Q Okay. Were you the one who
22 formulated the production of documents?

23 A Most of them, yes.

24 Q Okay. Who else?

25 A Well, I know Ms.Sylvia had to

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2 produce some documents, and other than that,

3 I have no knowledge of any other person.

4 Q Are you the one that actually

5 found the documents, produced them to

6 counsel so that counsel could produce them

7 to us?

8 A Yes, sir, I am.

9 Q And when you went through the

10 documents, was there any ones that you made

11 in your discretion, perhaps, to not produce?

12 A I answered the list that was

13 provided me to produce.

14 Q Okay. And did you come across

15 other documents that were related to Ms.

16 Blouin or Brickchurch, but that you made a

17 determination were not responsive?

18 A Not to my knowledge.

19 Q Okay. So not to be a trick

20 question is, in regard to any documents that

21 you reviewed, were there any that were

22 related to Brickchurch or Ms. Blouin that
23 were not produced to counsel for production?
24 A I produced everything that was
25 asked of me.

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2 Q That's not what I asked you. I
3 asked, when you did your research, did you
4 come across documents that were related to
5 Brickchurch or Ms. Blouin that you decided
6 were not responsive, and, therefore, you did
7 not produce them to counsel to produce them
8 to me?

9 A Can I question what you mean by
10 not responsive, do you mean that I purposely
11 omitted what should have been --

12 Q Listen, you're overcomplicating
13 this.

14 A No, you are. But I -- please
15 restate the question.

16 Q Okay. So you did a review of
17 documents for production, correct?

18 A Yes, sir.

19 Q There was a list of documents to
20 be produced, correct?

21 A Correct.

22 Q Okay. And you provided to your
23 counsel those documents that you thought
24 were responsive, correct?

25 A Not that I thought, that were

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2 responsive --

3 Q Okay.

4 A -- to the document production.

5 Q I don't understand the difference,
6 but anyway.

7 And in regard to other documents
8 that you found to be unresponsive, did you
9 come across other documents that related to
10 either Brickchurch Enterprises or Louise
11 Blouin that weren't responsive?

12 A Put that way, yes.

13 Q Okay. Tell me what those -- the

14 categories of those documents were?

15 A They were just IDRS prints at the
16 time.

17 Q What does that mean?

18 A Okay. IDRS, Integrated Data
19 Retrieval System.

20 Q Okay?

21 A And basically, it's a mainframe to
22 which all accounts across the United States
23 or, you know, people who are in the IRS
24 system are on. So when you look at a
25 specific account, we've mentioned several

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2 command codes like NAMES, and NAMEI, and
3 then there was maybe, like, BMFOLE or
4 something like that. You'll have these
5 snapshots in time of what the account looked
6 like.

7 So, yeah, there were a few of those
8 old prints that were not material to the
9 production, document production request.

10 Q They were historic?

11 A Yeah, basically. They were like
12 taking a snapshot of somebody walking across
13 the street and you catch them maybe just
14 stepping off of a curb, but, you know, you
15 missed all -- later on, they get to the
16 other side of the street, if that helps
17 explain it a little bit.

18 Q I think it does. Thank you for
19 that analogy.

20 And when did you first in your
21 life ever hear of Louise Blouin?

22 A Art Now.

23 Q What year can you tag that to?

24 A 2016.

25 Q And in 2016, you actually opened

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18

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2 up a file on her, right?

3 A No. I took over a case from a
4 prior revenue officer.

5 Q What had happened was, is that one

6 revenue officer was investigating a company
7 called Art Now Inc., and you were
8 investigating a company called Louise T.
9 Blouin Inc. -- or Media, I'm sorry, and
10 there kind of came a point where you both --
11 you figured out that you were both working
12 the same case, right?

13 A No. That's not right.

14 Q Tell me the best way to
15 characterize it.

16 A I took over the Art Now case from
17 the prior revenue officer. I had been doing
18 research, and I saw the connection, Louise
19 Blouin, I saw a list of entities that had
20 been identified by the prior revenue
21 officer. And in my duties as revenue
22 officer to do full compliance, which means
23 investigate every single associated entity
24 if I feel there is a need to, to see if they
25 are also experiencing problems with keeping

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2 in compliance with the tax laws.

3 So I went down the list, and that's

4 when I discovered Louise Blouin Media Inc.

5 And then when I saw the magnitude of the

6 problems that were there with the non-filing,

7 I directed my attention to include my

8 investigation of -- include -- can we call it

9 LBM Inc.?

10 Q Sure.

11 A LBM Inc. or LBM. That makes

12 things easier -- I decided to include LBM in

13 the scope of my investigation, because there

14 were hundreds of thousands of payroll

15 dollars that weren't being accounted for,

16 paid, returns filed.

17 Q Okay. This has more to do with

18 the fact that I want to know what I'm

19 looking at.

20 I'm going to show you what we're

21 going to mark as Deposition Exhibit No. 5.

22 (Whereupon,

23 Description

24 were/was marked as

25 Party for

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2 identification, as of this date.)

3 Q So I'm showing you what we marked
4 as deposition exhibit No 5.

5 Can you tell me what this is,
6 like, where does it come from? Like, what
7 is it?

8 A Okay. The title on the top says
9 Trust Fund Recovery Penalty Data.

10 Q Yeah.

11 A So that means it is an analysis or
12 a breakdown, better word, of what the trust
13 funds would be owing against the corporate
14 liabilities or the corporate 941 periods
15 that have been filed.

16 Q Okay. So in other words, when we
17 kind of -- there is a column that says, Tax
18 only, and then there's another column in
19 regard to FICA and then Income tax withheld.
20 And I just kind of -- maybe I should just
21 have you explain it, but I think I know what
22 it means, but can you explain what each of

23 the columns mean?

24 A Okay. Well, Tax only, means the

25 tax on the return, the word --

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2 Q Is that income tax? Is that what
3 that means?

4 A The tax on the return -- okay, let
5 me clarify.

6 Q Yeah?

7 A Let's go even further back. You
8 see where it says, Form, all the way on the
9 left-hand side.

10 Q I do. I know what that means.

11 A That 941. So that means what
12 return we're referring to. And in this
13 case, it's the 941. There are other returns
14 to which the TFRP is applicable, but in this
15 case it is the 941.

16 Q Okay.

17 A Tax Only, the word "only" is
18 exclusive, meaning there is no penalty

19 included in that number. So if you look at
20 that first period ended 12/31/2010, if you
21 look under Tax Only, you'll see the double
22 dotted lines. And then you'll see period
23 12/31/2010. 7706.35. That is the amount of
24 tax reported on the tax return.

25 Q Okay.

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2 A Do you want me to continue?

3 Q I do.

4 A Okay.

5 Q I mean --

6 A I'm happy to take your individual
7 questions about what this, what's that. I
8 can -- if that gets you to understand
9 better.

10 Q If you can do it by example, I
11 want to know what each of the columns
12 mean -- tax only, employees portion.

13 A Okay.

14 Q I just want to understand it so

15 that I can ask you questions about it.

16 A Very good. Anyway, that was the
17 tax computed on the return. All right?
18 Now, that tax has components to it, three
19 specifically. It has the employer portion
20 and the employee portion of the FICA, which
21 are two, and the third is income tax
22 withheld.

23 Q Okay. So, if I understand -- and
24 then the -- the total employee portion
25 withheld is the employee portion plus -- how

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2 is that calculated?

3 A Okay. Well, you can see it better
4 if you actually look or you're familiar with
5 the 941 return, but let's start with the
6 easy one: Tax withheld.

7 Q Okay?

8 A All of the employees submit to
9 their employer a W-4 which tells them the
10 number of exemptions they have, whether have

11 one or two kids that they're claiming or
12 whatever, a spouse. And that will determine
13 how much income tax is withheld from their
14 salary per pay period to go against their
15 payment of -- you know, their 1040 income
16 tax return.

17 Q Okay?

18 A They get to claim that
19 withholding. It's called withholding when
20 you get it on the --

21 Q So when I complete my 1040, where
22 it says, you know, it says tax due and then
23 I minus the amount of tax paid from the
24 withholdings, that type of thing?

25 A Yeah, it's a withholding credit.

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2 You may make estimated payments too because
3 you're probably a principal or something
4 like that. Let's not assume anything there.

5 Q Right.

6 A But, yeah, it's the amount of

7 withholding as a credit against the tax on
8 the return, right, for their 1040s, but not
9 here. This is what the employer withholds
10 from the employee every paycheck to, in
11 trust, turn over to the government through a
12 depository account so that when that
13 employee files the 1040, they know all that
14 money that was held against their federal
15 income tax was withheld by the employer and
16 turned over to the government.

17 Q Okay.

18 A That's one.

19 Now, FICA is Social Security. I
20 think that's Federal Insurance -- was it
21 Comstock Act?

22 MR. MURPHY: Contribution Act.

23 A I don't know where the Comstock
24 Act -- that might have been FUTA, but --

25 Q That's okay.

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2 A Anyway, that is a number where

3 it's a joint tax amount from the employer as
4 well as the employee. So the employee is
5 also contributing to FICA, right, that's
6 your Social Security that's coming out.
7 That's usually one of the biggest things you
8 see deductions coming off of your W2.

9 But the employer is required to
10 match the amount of -- that the employees
11 made. So, on the return, it's computed
12 through, you know, you run the total salaries
13 paid, and then you run it through a
14 computational matrix, shall we say, and then
15 it bubbles down to one number, right.
16 There's also Medicare added onto that, of
17 which this is comprised. And then you cut
18 that number in half on the return, and that's
19 where you get these two figures.

20 Q Okay. So, and I kind of -- I can
21 do math.

22 A Good.

23 Q And basically, the Tax Only is the
24 three numbers across the employee portion,
25 the employer portion, and the tax withheld,

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2 if you add those up it comes to \$7,076.35,
3 right?

4 A Yes, sir.

5 Q Okay. And then in regard to the
6 employee withheld portion, the \$4,734.18,
7 that's the employee portion and the income
8 tax withheld, right?

9 A Yes, sir.

10 Q And that's the portion the
11 employer is required to turn over to the
12 IRS; is that correct?

13 A Yes, sir.

14 Q And in regard to this, the -- if
15 there was an amount paid on the next line,
16 then that would reduce the balance for each
17 of those amounts, correct?

18 A That is correct.

19 Q Okay. And then just to kind of
20 finish this is, if you go through and it
21 says the balance on the total employee
22 portion withheld where it says, \$4,734.18,
23 that's the amount that the IRS would claim

24 was not turned over by the employer?

25 A Correct.

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2 Q And if we go through, at least for
3 Art Now Inc., we can see amounts in this --
4 in this chart where you go on for pages
5 beginning with the last quarter of 2010,
6 right?

7 A Um-hmm.

8 Q And it goes all the way through to
9 December 31 -- I'm sorry -- December 31,
10 2016, correct?

11 A Are you going through all of the
12 pages, then?

13 Q I went through the first few
14 pages, right?

15 A I haven't -- yeah, I agree with
16 you.

17 Q So if I were to add -- why is it
18 that this document stops at 2016 or '17 or
19 whatever it stops at?

20 A They ceased payroll.

21 Q Okay.

22 A Well, actually, clarify that.

23 They did pay two quarters in 2017, their

24 last pay period or the last return filed, I

25 believe, was a fourth quarter 2017, and it

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2 was a zero return.

3 Q Okay. So when they filed the zero

4 return, that indicates to someone looking at

5 this at the IRS that it doesn't seem like

6 they're paying employees anymore?

7 A Actually, there's a box -- I never

8 saw the return, but as a matter of

9 procedure, there is a box that you check if

10 you have no further employees. And it

11 automatically tells the system to stop

12 requiring the taxpayer to file returns.

13 Q And in regard to Art Now Inc., how

14 is the numbers on the Tax Only part, how --

15 is that from the filed 941? Is that where

16 you get the number from?

17 A Yes.

18 Q Okay. Is there anything that's
19 estimated on this document, meaning Exhibit
20 No. 5, because there hasn't been a return
21 filed?

22 A Well, obviously, I'm thinking that
23 if you're saying, "estimated," since all the
24 other numbers are derivative of Tax Only,
25 you would have to say, are any of the Tax

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2 Only numbers estimated?

3 Q Right.

4 A Yes, throughout this document
5 there are quite a few of them.

6 Q Okay. And the reason why they're
7 estimated is because there wasn't a Form 941
8 filed for this period?

9 A You are correct.

10 Q And how is it that -- how -- and
11 the reason why I kind of thought that was

12 because you can see some of the numbers were
13 duplicating themselves?

14 A Yes.

15 Q And can you tell by looking at
16 Exhibit No. 5 which of the numbers are
17 estimated and which of the ones are from
18 actual IRS 941s?

19 A Well, from this exhibit, I would
20 just be guessing. There are probably other
21 documents that were produced in there that
22 would -- like the transcripts, that would
23 give a better indication of that.

24 Q Okay. So we have those.

25 A Yes, so if I could ask, not having

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2 to try to guess from this document, if you
3 want the correct answer, let's get to the
4 applicable documents.

5 Q So what am I looking for? Does it
6 say account transcript, or what are we
7 talking about?

8 A Yes, sir. Bingo. There are a
9 number of them. I think there should be
10 for --

11 Q Yeah, I got it.

12

13 (Whereupon,
14 Description
15 were/was marked as
16 Party for
17 identification, as of this date.)

18 Q I'm showing you what we've marked
19 as your deposition Exhibit 6.

20 Do you have it in front of you?

21 A Yes, sir, I do.

22 Q And is this the transcript that
23 you were referring to?

24 A These are the transcript I ordered
25 for this purpose --

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2 Q Okay.

3 A -- in the document production.

4 Q And how can I tell whether a --
5 and just kind of -- I can -- I mean, I can
6 read. Is it -- how do I make a
7 determination as to whether there was a 941
8 for each of the periods shown on Exhibit 5
9 or whether it was estimated?

10 A Okay. There are -- I have -- I
11 did go through the transcripts in
12 preparation for the deposition, so if that
13 answers part of your question.

14 Q Nice. Okay.

15 A There are two batches in here of
16 estimated returns. They are the ones that I
17 did, and there are ones that the service
18 center did before I even got the case,
19 before the prior revenue officer had the
20 case.

21 Q Okay.

22 A So it's easier to tell on the
23 transcripts which ones the service center
24 did versus the ones I did because of my
25 input stream, how I input the -- feed the

1 ROUGH DRAFT - FEBRUARY 10, 2023

2 documents to be assessed.

3 Q Okay.

4 A Whereas, when -- take, for

5 example, let's just take this first one.

6 And you need look no further than Page 2.

7 You look at the very top, it says,

8 Substitute tax return prepared by IRS.

9 Q Okay.

10 A And it was done 9/14/2015 before I

11 had the case.

12 Q Okay. And how do I tell -- which

13 period -- like, how can I tell from the

14 transcript what period we're talking about?

15 A Well, okay. Go back to --

16 Q Because that was filed on 2015?

17 A Right.

18 Q And then there's interim sort of

19 un-chronologically noted, a May 4, 2011,

20 date?

21 A Okay. Can I just get

22 clarification in your question. I

23 understood it to be, you want to know what

24 period we're looking at here?

25 Q Yeah, I do.

↑

33

1 ROUGH DRAFT - FEBRUARY 10, 2023

2 A Go back to Page 1.

3 Q Okay.

4 A And if you'll notice Form No. 941.

5 Q Yeah.

6 A Tax period December 31, 2010.

7 Q So is that fourth quarter 2010?

8 A Yes, sir.

9 Q And then you can see this kind
10 of -- and then -- so for -- from December --
11 for the period ending December 31, 2010,
12 from the transcripts, do we see that there
13 was no 941 that was filed by Art Media, but
14 that it was filed by someone at the IRS on
15 its behalf?

16 A In this particular example, I
17 would direct your attention to noting the
18 150, the top line, 150: Substitute tax
19 return prepared by the IRS. Very -- right
20 under that, even though -- and I understand

21 why it might be chronologically difficult to
22 understand how you would have a transaction
23 tax return not filed, the next line, and it
24 would be dated 5/4/2011, because they tried
25 to secure the return, and they were unable

↑

34

1 ROUGH DRAFT - FEBRUARY 10, 2023

2 to. And it looks to me like they let it sit
3 there until examination finally got around
4 to taking a look at what information was
5 available, whether they were required to
6 file a return or not.

7 Q Okay. So am I to assume that Art
8 Now didn't file a return from 20-- the
9 last quarter of 2010 forward; is that
10 correct?

11 A There may have been a couple of
12 periods in here that they did file, but
13 there were very few of them.

14 Q So knowing they didn't, at least
15 in the last quarter of 2010, I want to go
16 back to the estimate part. So how is it

17 that the IRS was able to -- going back to
18 Exhibit No. 5 -- determine that there was
19 7,076.35 due in taxes?

20 A Well, at the time, they had
21 records available to match, basically what
22 was reported on the 941s. In this case, it
23 was nothing reported on the 941 because they
24 weren't filed. And they bounced it against
25 what was issued and reported on the W2s.

↑

35

1 ROUGH DRAFT - FEBRUARY 10, 2023
2 Because not only do the individual taxpayers
3 include their W2s on a 1040 to claim, you
4 know, their Social Security contributions as
5 well as the federal income tax, but there's
6 also a W- -- I believe it's a W3 document
7 which the employer files with the IRS to
8 say, this is what -- you know, this is what
9 we paid these employees and this is what we
10 took out of their salary.

11 Q I've got to tell you, I'm learning
12 way more stuff today that helps me

13 understand. But I think I got a little bit
14 of that.

15 So basically what happens is, 941
16 is the IRS required filing for, in this
17 example, Art Media, but they also file other
18 documents like W2s that they provide to
19 their employees, correct?

20 A I agree.

21 Q And in regard to what I refer to
22 as estimates, they're not really estimates
23 at all. The IRS actually has the
24 information available through the filed W2?

25 A That's also agreed.

↑

36

1 ROUGH DRAFT - FEBRUARY 10, 2023

2 Q And is that, when I look at all
3 the information that has been, at least on
4 Exhibit No. 5, unless there is a form 941
5 that was actually filed, all the information
6 here wasn't pulled out of someone's ear, but
7 it's actually reflected on a document that
8 was filed with the IRS?

9 A It's a matching -- yeah. They
10 match one against -- and the reason, I might
11 add, you see a lot of duplicate numbers like
12 the 101.6 or whatever the amount paid is
13 here, what they'll do is they'll, in the
14 case of this entity, there were a couple of
15 years where there were complete years that
16 were not filed. So they just took the
17 mismatch number, cut it into four
18 representing the four quarters, and that's
19 why they duplicate.

20 Now, if there was a year where they
21 filed one period, then they would take the
22 mismatched amount, divide it by three, and
23 apply that, put that on the three years that
24 weren't filed.

25 MR. MURPHY: Quarters.

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37

1 ROUGH DRAFT - FEBRUARY 10, 2023

2 A Did that make --

3 Q Yeah. So I know exactly what you
4 were saying. So they didn't miss every one;

5 they missed a bunch, but you were able to
6 fill in the full amount from the filed W2s,
7 and, therefore, if they filed one quarter,
8 and, you know, you would just deduct that
9 from the whole amount and then take the
10 remainder and divide it by three, sort of,
11 right?

12 A You got it.

13 Q Okay. And the way people pay,
14 that amount's probably, if you divide it by
15 four, divide it by three, it should be about
16 the same anyway?

17 A If you're going to estimate, but,
18 you know, we don't know; they didn't file
19 returns.

20 Q Okay. I want to show you the next
21 exhibit.

22 (Whereupon,

23 Description

24 were/was marked as

25 Party for

↑

1 ROUGH DRAFT - FEBRUARY 10, 2023

2 identification, as of this date.)

3 Q I want to show you what we marked
4 as your Deposition Exhibit 7.

5 Can you tell me what that is?

6 A That's actually a sample, or at
7 least one display of the documents that --
8 right here at the top. Document type: W2
9 top right-hand side.

10 Q Okay. And just kind of going
11 through this, it seems to be reports of W2s
12 filed between the years of 2010 and 2014.

13 Did I get that right?

14 A Yes, sir. These are also other
15 documents that I produced that were in my
16 case file.

17 Q Right. Now, in regard to back on
18 Exhibit No. 5 -- and just to be clear,
19 there's three people listed on Exhibit
20 No. 7, correct?

21 A Yeah.

22 Q Representing three employees of
23 Art Now, correct?

24 A Not for all of the years, but for
25 the sake of your argument, I will not

↑

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1 ROUGH DRAFT - FEBRUARY 10, 2023

2 disagree with you.

3 Q Right. There was one in 2014. It
4 looks like ^ Benata wasn't employed, right?

5 A They were -- I think in 2016,
6 which wasn't available, but there is another
7 transcript of that, that you should have
8 that there were two employees. Because --

9 Q Oh, I have it. I have it. It's
10 the last page. I have it.

11 A Okay, maybe I missed it.

12 Oh, there it is. Thank you.

13 Q So this is the information
14 regarding the W2s that you were able to
15 cross-reference on to Exhibit No. 5, those
16 numbers should match, right?

17 A No.

18 Q Why not?

19 A Because these -- this is just raw
20 data --

21 Q This, being where?

22 A This here. Exhibit 7 --

23 Q Yeah.

24 A -- really just shows the raw data
25 of the wages that were paid, as well as the

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40

1 ROUGH DRAFT - FEBRUARY 10, 2023

2 Social Security that was withheld from the
3 individual employees, as well as the
4 Medicare wage -- that's Med Wage. And as --
5 and as well as the total tax withheld, which
6 is all the way on the left side.

7 This does not calculate the tax on
8 a 941 return. So in order to get the numbers
9 on Exhibit 5, you have to take a look at
10 what's reported on the transcript and derive
11 it from that. So you cannot derive these
12 numbers from Exhibit 5 directly on Exhibit 7.

13 Q Okay. But why is it that Exhibit
14 7, why is that in your file? This was in
15 your file, right?

16 A Yes.

17 Q So what are you doing with this

18 information?

19 A Because I prepared some of the
20 returns for them.

21 Q Okay. So you were using this
22 information to file the IRS 941s, prepared
23 by the IRS, right?

24 A Yes, sir.

25 Q Because the IRS is allowed to file

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41

1 ROUGH DRAFT - FEBRUARY 10, 2023
2 missing returns on behalf of people,
3 correct?

4 A I have that delegation of
5 authority.

6 Q Right. And in regard to that, you
7 used the information from the W2s, which is
8 Exhibit 7, to help you calculate what the
9 return should look like?

10 A Yes.

11 Q I got it. Okay.

12 And by the way, some of this stuff
13 I know, but I have to explain it to a court,

14 so that's why I have to do this.

15 A No, you're good. Continue,
16 please.

17 Q And so when I went through this,
18 this goes through 2017, right?

19 A 2016, I believe.

20 Q 2016. And so the information on
21 Exhibit 7 actually is the same time period
22 for what's on Exhibit No. 5; is that
23 correct?

24 A 2010? Yeah, actually, it's
25 outside because you have 2009 as well in

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1 ROUGH DRAFT - FEBRUARY 10, 2023
2 there.

3 Q Right. But there was no problem
4 with 2009, right?

5 A Well, it depends if you have a
6 problem with it, I don't.

7 Q Touche. Okay.

8 All right. And just to kind of --
9 did you file -- and the reason why I'm

10 asking you is -- and I can show you these
11 two exhibits.

12

13 (Whereupon,
14 Description
15 were/was marked as
16 Party for
17 identification, as of this date.)

18

19 (Whereupon,
20 Description
21 were/was marked as
22 Party for
23 identification, as of this date.)

24 Q So -- and we'll get to this other
25 company, but I want to ask you a question

↑

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1 ROUGH DRAFT - FEBRUARY 10, 2023

2 about this. There's another company you
3 were investigating called LBM Inc., using
4 your abbreviation, correct?

5 A Yes, sir.

6 Q And we'll get to identifying some
7 of the other documents, but these are the
8 Form 941s that you signed and completed --
9 completed and then signed, to be filed in
10 regard to LBM Inc., correct?

11 A Correct.

12 Q Now, in your production, I only
13 found two. They're both marked as Exhibit 8
14 and 9 of the 941s.

15 Do you agree that's all you
16 produced?

17 A That is all I produced; that's all
18 I found in my paper file.

19 Q Okay. So let's go back to that.
20 So you have somewhere a paper file, correct?

21 A The paper file actually is the
22 filing copies.

23 Q And in regard to other documents,
24 do you have, like, an imaging system? Like,
25 how are your records kept?

↑

2 A Well, I tried to call up the ones
3 that are missing for LBM, if I'm reading
4 your question correctly. They don't have
5 them imagined on, say, what you would get
6 your 1120s from where I got those documents.
7 So I had to request the actual filing copies
8 through our service center. That was the
9 first thing I did upon document production,
10 and I have not received them back from the
11 service center yet.

12 Q Do you anticipate receiving them
13 back?

14 A Well, we've had problems producing
15 those documents upon request. I mean, once
16 upon a time we were a finally oiled machine
17 when we were fully staffed, and we had
18 employees out there in the service center
19 that could take these requisitions and walk
20 down that long aisle past the Arc of the
21 Covenant and pull out those returns and send
22 them to the requests.

23 Q I have a question, but I first
24 want to say, you're very funny.

25 A We may as well have some fun,

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45

1 ROUGH DRAFT - FEBRUARY 10, 2023

2 right?

3 Q In regard to walking down these
4 aisles and having employees available, are
5 you talking that these are paper files, or
6 are they --

7 A They are paper files.

8 Q Okay. So back -- and I'd be
9 interesting to know where everybody is
10 filing online; not everybody, but a lot of
11 people file online?

12 A Yes, we're encouraging that. It's
13 faster.

14 Q So if I needed to find, for
15 example, my tax return that I filed when I
16 was a bus boy 30 years ago, it's somewhere
17 in paper.

18 A I believe not that long ago.

19 Q But if it was five years ago?

20 A Yes, you would be able to find
21 that.

22 Q And it's just mounds and mounds of

23 paper in a warehouse, I suspect?

24 A Now, I am speaking -- I cannot

25 speak for that portion of the IRS. So

↑

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1 ROUGH DRAFT - FEBRUARY 10, 2023

2 whatever I say is supposition. So I hope

3 this satisfies your inquiry to the best of

4 my knowledge. They have a filing system.

5 Otherwise they wouldn't be able to find it,

6 so it wouldn't be piles and piles of paper.

7 Q You don't have someone leafing

8 through a stack of paper.

9 A Right. Unfortunately, as a result

10 of the pandemic, just as an aside, you know,

11 there has been a backlog of paper because of

12 the short staffing and the ability to -- but

13 that doesn't affect these returns. They

14 should be in a specific place where they can

15 be recalled.

16 Q And you suspect that at some point

17 in the future, hopefully, not too distant

18 future, that you will be able to produce to

19 me additional 941s that you completed?

20 A Right away.

21 Q Okay.

22 A I anticipated them earlier back

23 in -- like I said, when we were fully

24 staffed and we didn't have all of these

25 other competing issues using up our

↑

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1 ROUGH DRAFT - FEBRUARY 10, 2023

2 resources, you know, I would have had them

3 by how.

4 Q And is the reason -- what is the

5 reason that you filed the 941s that are

6 missing?

7 A To report the tax that was either,

8 A, partially paid, or, B, unpaid.

9 Q Okay. But --

10 A Or fully paid.

11 Q But just from my perspective being

12 a layman looking in, is it the 941 that

13 gives rise to the obligation, or does the

14 obligation begin before the 941 is filed?

15 A That sounds like a rhetorical
16 philosophical question. I can't answer
17 that.

18 MR. MURPHY: What information are
19 you talking about?

20 A You're going to have to clarify,
21 please.

22 Q And I will. There's a reason why
23 you're filing the 941 right. It's because
24 they're missing?

25 A Now you're talking about me or are

↑

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1 ROUGH DRAFT - FEBRUARY 10, 2023

2 you talking about anybody?

3 Q I'm talking about why you complete
4 the 941?

5 A Can we -- can you just keep it
6 specific to the case, because I think you're
7 getting too general here --

8 Q That's okay.

9 A -- and I would rather answer a
10 specific question than a general one.

11 Q That's fine. So if you look at
12 Exhibit 8. It's a 941 filed for the year
13 2011, correct?

14 A Yes, the first quarter.

15 Q And you prepared four of those,
16 right, one for each quarter?

17 A Yes, I did.

18 Q And you went and did the same
19 thing for '12; '13, '14, '15, and '16,
20 right?

21 A Correct.

22 Q And there's a reason why you're
23 doing it. You testified is to establish the
24 tax liability, correct?

25 A The taxpayer had an obligation to

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1 ROUGH DRAFT - FEBRUARY 10, 2023
2 file and timely report -- or timely file and
3 report their taxes. They did not do that.
4 My duties as a revenue officer is to bring
5 into taxpayer into compliance. When the
6 taxpayer fails to comply or respond to my

7 efforts at compliance, then I had the
8 delegated authority to prepare the returns,
9 propose the assessment of them. I give them
10 30 days to respond, and if they do not
11 respond then, I can file those returns on
12 their behalf with the caveat that at any
13 time they produce a valid, subsequent
14 original return, I am obligated to take that
15 return and make the corrections to what the
16 taxpayer filed.

17 Q Okay. And each of the 2011
18 returns and each of the years going after
19 that, you actually had information that gave
20 you some confidence that the information on
21 those returns was accurate, right?

22 A I had -- different years had
23 different amounts of information upon which
24 I could base my -- I'm going to call it a
25 6020B. Do you want a definition of that?

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1 ROUGH DRAFT - FEBRUARY 10, 2023

2 Q You can give it if you want,

3 but --

4 A It's up to you; you're calling the
5 shots.

6 Q Yeah. Go ahead.

7 A 6020B is an Internal Revenue Code
8 subsection that entitles the Internal
9 Revenue Service to prepare and file a return
10 for the taxpayer if they fail to file the
11 return after due notice or sufficient notice
12 is the word.

13 Q So the IRS, before you filed each
14 of these returns, sent notice to who it
15 deemed to be the responsible party for the
16 filing of them saying, if you don't do it
17 within 30 days, we're going to do it for
18 you?

19 A You have it partially correct.

20 Q Okay. Tell me the part I got
21 correct; tell me the part I didn't have
22 correct.

23 A Okay. The Service tries to secure
24 those returns multiple times, because it
25 costs money to send me out to somebody's

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1 ROUGH DRAFT - FEBRUARY 10, 2023
2 doorstep and knock on it and give them a
3 personal invitation to file returns. So we
4 send a number of notes saying, you have
5 unfiled returns. In some cases, there could
6 be four notices being sent to the address of
7 the taxpayer. And then when it gets to a
8 level of nonresponsiveness, then it gets
9 sent out into field collections, which I'm
10 part of.

11 Q And is the notice required to be
12 sent before the IRS will prepare the 941s on
13 behalf of any taxpayer?

14 A So I think where you're getting at
15 is -- well, let me ask you. Do you want to
16 know whether there was a notice issued with
17 this to say, these are your returns, file
18 them or -- file them -- your original
19 returns or we will file these? Is that what
20 you're asking.

21 Q I want to know if it was a
22 prerequisite to the filing of the returns to
23 send notices.

24 A Okay. I'm going to broadly answer
25 your question, okay?

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52

1 ROUGH DRAFT - FEBRUARY 10, 2023
2 Q Okay.
3 A An attempt was made to verbally
4 ask the taxpayer to file their delinquent
5 returns. And then there have been notices.
6 I know ^ Mr. Bob Lieben, from the first --
7 with Art Now, it's fairly documented. I
8 made attempted contact for LBM, saying we
9 have unfiled returns here. You need to file
10 them. It went un-responded to, so when I
11 made the determination that the 6020B
12 process is applicable in this state, then I
13 followed manual procedures as in mail the
14 return, cover it with a letter, L1085 that
15 specifies the returns that are in that
16 package and gives them the response due
17 date, the rights that they can avail
18 themselves of to avoid having the returns
19 that were proposed, in fact, filed for them.

20 Q Okay. Thank you for that.

21 A All right. I'm all ears.

22 (Whereupon,

23 Description

24 were/was marked as

25 Party for

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1 ROUGH DRAFT - FEBRUARY 10, 2023

2 identification, as of this date.)

3 Q So I'll show you what we've marked

4 as your Deposition Exhibit No. 10, and am I

5 right that this is the same type of document

6 that we saw that was Exhibit No. 5, but this

7 one is for Louise Blouin Media, Inc.; is

8 that right?

9 A Yes, sir.

10 Q And do I have the whole document,

11 and that is this is for tax years from 2011.

12 It goes to 2015, stops for some quarters,

13 and then continues to 2017.

14 A That is correct.

15 Q And we can see in -- was there --

16 do you know through your investigation why
17 there is nothing between 2015 and 2017, the
18 second quarter of 2017?

19 A She filed the returns and paid
20 them.

21 Q So this is only when there is
22 deficiency in regard to --

23 A Yes, sir. We're not going to
24 charge liabilities on somebody that filed
25 and paid their returns.

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1 ROUGH DRAFT - FEBRUARY 10, 2023

2 Q Okay, no, just from my
3 perspective, I didn't know f I would get a
4 return from 2011 through the present --

5 A No, because -- showing.

6 (Reporter clarification.)

7 Q From 2011, you know, showing every
8 year paid or unpaid?

9 A No. Let me clarify what this
10 document is.

11 Q Okay.

12 A This document is the breakdown of
13 the trust fund recovery penalty that we
14 would propose to be asserted against
15 potentially responsible party.

16 Q Okay. And in regard to the years
17 that are missing as part of your
18 investigation, did you send someone down
19 that long hallway and look at the four 941s
20 that were filed by, in this case, LBM Inc.?

21 A No, I did not.

22 Q And could you do that?

23 A I could have done that.

24 Q And is it true that you've done
25 that for other cases that you've handled.

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1 ROUGH DRAFT - FEBRUARY 10, 2023

2 A In this particular case, I would
3 not have requested those filed returns that
4 were satisfied in this or just about any
5 other case I thought about unless there were
6 some reason, which right now I can't explain
7 why there would be, but I'm not ruling that

8 out.

9 Q Let's ponder that a little bit
10 together.

11 A Please.

12 Q So you get this case in which
13 year?

14 A I would have to say I got it in
15 2017.

16 Q Okay. And you had Art Media
17 before that time?

18 A Art Now, yes, sir.

19 Q Art Now. I'm sorry.

20 And when did you have Art Now?

21 A I had that in, I believe 2016.

22 Q Okay.

23 A They were very close. They were a
24 couple of months.

25 Q Okay. And at the time that you

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1 ROUGH DRAFT - FEBRUARY 10, 2023
2 got LB -- LTB Inc., when that was assigned
3 to you, you were still trying to figure out

4 who, if anybody, could be responsible for
5 the trust fund companies, correct?

6 A Well, LBM Inc. and -- it became
7 obvious that the person of interest was the
8 same person whose name or anagram or some
9 other moniker that they liked to use a lot
10 to self-describe themselves would be the
11 person I'd look to first. In this case, I
12 looked at Louise Blouin Media Inc., and the
13 first two words are repeated all over the
14 place, with the exception of Art Now, which
15 was an acquisition, so that name of that
16 company was something else before she
17 acquired it.

18 Q Yeah, but my question kind of goes
19 to, did you look at the 941s that were filed
20 by LTB Inc. to determine who executed and
21 signed on behalf of the company?

22 A No, I didn't.

23 Q Is that something that might lead
24 you to some clue as to who a responsible
25 party might be?

1 ROUGH DRAFT - FEBRUARY 10, 2023

2 A It would certainly add to the
3 investigation, but it was not required.

4 Q No, I'm not saying it's required.
5 You're looking, right, as the IRS, you're
6 looking. Basically what happens is you have
7 a bunch of employment tax returns not being
8 paid, correct?

9 A Yes, sir.

10 Q And you come to realize at some
11 point that neither one of these companies
12 have any assets in the United States; is
13 that correct?

14 A That's correct.

15 Q And so you start hunting, for lack
16 of a better word, or investigating, who prey
17 tell might be responsible to pay those
18 employment taxes that were withheld from the
19 employees but not turned over to the IRS,
20 correct?

21 A Correct.

22 Q And part of that is you're trying
23 to find a responsible person -- and I'm
24 using that as a defined term, right?

25 A Yes, sir, we know what that means.

↑

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1 ROUGH DRAFT - FEBRUARY 10, 2023

2 Q And the responsible person can be
3 all sorts of people, right? It could be --
4 for example, it could be a member of a
5 vendor that does payroll, couldn't it?

6 A It all depends on whether it's a
7 payroll service provider. The key thing is,
8 is who was directing -- oh, there's that
9 work "director," who was directing this?

10 Q You're funny.

11 A No, I'm observant.

12 Q Okay. Well, we'll get to that
13 word in a little bit, but being a -- there
14 could be multiple directors of a company, do
15 you agree?

16 A Why not?

17 Q Well, you've seen that, right?
18 Some of the largest companies in the world
19 have multiple people that are on the board
20 of directors, right?

21 A Right. And they all direct
22 something. It all depends on who is
23 responsible for directing what.

24 Q Right. And that's what I was
25 going to ask you next, so thank you. So a

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1 ROUGH DRAFT - FEBRUARY 10, 2023

2 lot of directors have different type of
3 responsibilities, you would agree, right?

4 A In the case of a large corporation
5 where there were a multiple directors, I
6 cannot disagree.

7 Q And one of those directors might
8 have the ability to direct the payment or
9 turnover to the IRS of funds withheld.
10 There may be a person that's involved with
11 that, right?

12 A Right.

13 Q That's the person you're looking
14 for, right?

15 A But when there's only one
16 director, what am I to assume then?

17 Q Which company are you talking
18 about?

19 A Which company are you talking
20 about?

21 Q Let's talk about -- first, let's
22 talk about Louise T. Blouin Media Inc.

23 A You mean Louise Blouin Media Inc.?

24 Q Right.

25 A Like I said, I looked at the name

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1 ROUGH DRAFT - FEBRUARY 10, 2023

2 Louis Blouin. All of my attempts to contact
3 anyone that had fiduciary responsibilities
4 came up negative. All I got was overseas,
5 Louise.

6 Q Okay. And so you have found that
7 there's actually a Louise Blouin that is not
8 a fictitious person that has the namesake of
9 herself in the company's name, and from
10 that, you said, Must be my gal?

11 A I wouldn't simplify it like that.

12 Q Okay. Tell me what you found. I

13 have your investigation file; we're going to
14 get into that.

15 A Why don't we just get into that
16 and see --

17 Q No, I want you to answer, because
18 I want to get some background information.

19 A Because I relied on the
20 investigative results that you have in the
21 file there.

22 Q And that's it? So -- and you
23 produced that whole file to me, right?

24 A Yes, sir, I did.

25 Q Now, the other thing that I wanted

↑

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1 ROUGH DRAFT - FEBRUARY 10, 2023
2 to ask you about is, for Art Now Inc., you
3 did and produced to me the reports of the
4 W2s from those three employees; is that
5 right?

6 A Yes. I did not do all of the
7 calculations for Art Now. The service
8 center did the first batch, and then I did

9 the last batch.

10 Q Okay. My question is a little bit
11 more simple than that.

12 A Okay.

13 Q You didn't produce to me any
14 similar W2 report in record to Louise Blouin
15 Media Inc., did you?

16 A I believe I didn't have to do the
17 W2 but I didn't use that in my calculation;
18 I used the BMFOLUs.

19 Q Tell me what that's all about.

20 A Okay. This builds upon an earlier
21 explanation that I provided where it shows
22 the mismatch, and I believe if we go to
23 Exhibit 7, second-to-last page, this is what
24 a BMFOLU looks like. You'll see it will
25 have a column of posted, 941s, right, and

↑

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1 ROUGH DRAFT - FEBRUARY 10, 2023

2 then it'll have reported W3 and processed
3 W2s. So we watch these numbers all three
4 ways. Now, in case of this document

5 production, 2014 was good, right?

6 Q Okay.

7 A But if you -- but in the case of

8 LBM, the numbers didn't match all the way

9 across. So that's how I derived the

10 numbers.

11 Q I gotcha.

12 A To prepare the returns.

13 Q Was the information regarding the

14 W2s, was it available or not available?

15 A Mostly they were, but I didn't

16 need them.

17 Q If I were to pull those, would I

18 see those W2s --

19 A I don't know how far back they go,

20 but I believe there should be some still on

21 file. I did not print them at the time.

22 Q Okay. And moreover, in your --

23 you didn't use them, so you didn't produce

24 them, right?

25 A I did not use those W2 documents

1 ROUGH DRAFT - FEBRUARY 10, 2023

2 for LBM. There were just too many. There
3 were, like, 167 of them. When I have a
4 summary, why would I want to pull all the
5 individual ones and calculate each single
6 one to make sure it matches what I know it's
7 going to match on the summary?

8 Q Okay. And did you -- you
9 interviewed subpoenaed -- not you, but the
10 IRS subpoenaed the three employees from Art
11 Now, didn't you?

12 A Okay. I subpoenaed the employees,
13 and there were two.

14 Q Okay. Oh, you subpoenaed the two
15 that were last on the payroll?

16 A Yes, sir.

17 Q And you did that in order to make
18 a connection between Louise Blouin, the
19 individual, and some control authority that
20 she had over Art Media -- Art Now Inc.,
21 correct?

22 A I agree.

23 Q And you didn't do that for Louise
24 Blouin Media Inc., correct?

25 A I couldn't find any employees for

↑

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1 ROUGH DRAFT - FEBRUARY 10, 2023

2 LBM.

3 Q Right. Well, my point goes back
4 to your point is, you didn't pull the W2s
5 for Louise Blouin Media, because, for God's
6 sakes, they had 160 employees, right?

7 A Something like that.

8 Q But don't you agree that that
9 information may have been helpful to you to
10 use it the same way you did the Art Now Inc.
11 subpoenas and try to subpoena some of those
12 individuals that may have given you
13 information that might be relevant to
14 whether Louise Blouin was a control person
15 or not?

16 A Well, I knew that the Art Now
17 people were at that -- I believe it was the
18 80 Broad Street address, one of the many
19 that she had gone through. I never
20 encountered any employee from LBM, and I
21 choose not to pull those W2s because I

22 didn't think I had to for that part of the
23 equation. I didn't have to do one for the
24 other. It's not -- it's not if I do it
25 here, I have to do it there. That was my

↑

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1 ROUGH DRAFT - FEBRUARY 10, 2023

2 discretion.

3 Q Well, so isn't part of your job --
4 part of your job is to collect revenue for
5 the United States of America, right, unpaid
6 taxes?

7 A Yes.

8 Q And isn't part of your job also to
9 protect people from the IRS seeking taxes
10 from them that they may not be responsible
11 for? I mean, in other words, aren't you an
12 objective person? In other words, I seek
13 collection of taxes from people that owe it.
14 And I'll try to guard people that are said
15 to owe taxes that I find don't owe taxes. I
16 mean, don't you kind of have the protection
17 element to your job?

18 A I can't agree with your definition
19 there, and I'm not going to help you correct
20 it either.

21 Q Okay. Well, I'm good at this.

22 A No, go ahead; keep trying.

23 A Let's just finish this question.

24 Q No.

25 A No, let's finish the question.

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66

1 ROUGH DRAFT - FEBRUARY 10, 2023

2 Q Come on, you're on a roll, man.

3 Q You're challenging me here, bro.

4 A No, I'm not. I want to get past
5 this point, because I know you have other
6 items on your agenda and we should address
7 them all.

8 Q Okay. So do you also have a duty
9 to discover when assessed liability is not
10 properly assessed?

11 A To discover -- I'm assuming you
12 mean that I'm looking for that?

13 Q Um-hmm.

14 A No, when I come across it, I
15 address it in the scope of my investigation.
16 I don't go out and look for someone that's
17 been wrongfully assessed. I usually
18 discover that during the interactions with
19 the taxpayer.

20 Q But here it's a little different,
21 isn't it, because you don't accuse Louise
22 Blouin of owing tax?

23 A Accuse.

24 Q What's that?

25 A You used the word "accused," I'm

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67

1 ROUGH DRAFT - FEBRUARY 10, 2023

2 just -- it's just -- that's not what I do,
3 sorry.

4 Q You don't -- you did not
5 investigate Louise Blouin for owing tax, but
6 only for the imposition of a penalty for the
7 nonpayment of tax against her; am I right?

8 A Can I explain it in terms that --

9 Q That you're comfortable with?

10 A No. Because obviously, the way
11 you phrased the question, you're boxing me
12 into an answer that's incorrect. So I will
13 try to answer your question.

14 Q Of course. I'm not trying to
15 trick you.

16 A My job is, somebody doesn't
17 file -- in this case, doesn't file their tax
18 return but has every indication that they
19 are paying employees, withholding funds from
20 those employees, not turning them over to
21 the government, and oh, by the way, not
22 paying their employer portion of the payroll
23 tax if we may call it that. It starts
24 there.

25 My job is to bring that taxpayer

↑

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1 ROUGH DRAFT - FEBRUARY 10, 2023
2 into compliance by trying to establish
3 contact and a dialogue with that taxpayer so
4 that we can resolve these things so that I
5 don't have to make estimates. What I got in

6 response was nothing. I had no response. So
7 I had to take step after step that, you know,
8 follows -- follows -- I'm going to call it a
9 program for lack of a better word -- that
10 tries to resolve the unfiled taxes within my
11 authority. And at any point the taxpayer can
12 surface and say, Stop. We need to talk about
13 this. We need to resolve this truthfully and
14 file the returns that are accurate to the
15 payroll records of the company.

16 Q Okay. Fair enough.

17 In your investigation, you visited
18 various locations, correct?

19 A All of them.

20 Q One on Light Street?

21 A That's 88 Lake Street.

22 Q Lake Street, okay. And some other
23 addresses that you had within New York,
24 right?

25 A Yes, sir.

↑

2 Q You went out to the houses on Gin
3 Lane, correct?

4 A That was after the trust fund
5 recovery penalty was assessed.

6 Q Okay. And so putting that
7 aside -- thank you for that clarification.
8 Is you were trying to find someone in
9 furtherance of your investigation that was
10 going to talk to you about who was
11 responsible for the payment of the tax,
12 right?

13 You're shaking your head, yes, is
14 that a yes?

15 A Yes, sir. See, that's part of the
16 rules I -- you should have said in the
17 beginning.

18 Q I got you, right. You didn't ever
19 speak with Louise Blouin, did you?

20 A No.

21 Q You never went out to try to meet
22 with her, did you?

23 A I was given to understand she was
24 overseas. When I did encounter employees --
25 I believe it was an employee by the name of

↑

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1 ROUGH DRAFT - FEBRUARY 10, 2023

2 Julie. The only one I ever spoke to at LBM.

3 She was an editor. I asked her a question,

4 I said, Please, get her to or somebody to

5 respond to this. And that was, I'll pass

6 this on was the answer. I don't have any

7 response -- fiduciary responsibility. If I

8 may paraphrase it. That's not exactly what

9 I wrote in the history, but that's more or

10 less what happened in that conversation.

11 Q Okay, let's take a break.

12 A Yes, sir, very good.

13 (Whereupon,

14 Description

15 were/was marked as

16 Party for

17 identification, as of this date.)

18 Q I'm showing you what we've marked

19 as Exhibit 11. I know what it says, but can

20 you tell me what this is?

21 A Well, this is -- let's see if

22 you've included all of it. So you

23 consolidated -- okay.

24 This is the complete ICS history

25 for the business entity known, formerly known

↑

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1 ROUGH DRAFT - FEBRUARY 10, 2023

2 as Art Now. And if you're going to ask, I'll

3 beat you to the punch. ICS is an anagram for

4 Integrated Collection System, ICS. And

5 basically -- I'm sorry. You ask the

6 question.

7 Q I got it.

8 So is there's -- and I'll show it

9 to you. There's one for Louise Blouin

10 Media, which we've not marked yet. There's

11 one for Art Now, which is Exhibit No. 11.

12 And there's a larger one for Louise Blouin,

13 right?

14 A Yeah.

15 Q Each -- there's three different

16 recordkeeping systems?

17 A Three different entities.

18 Q Okay. And I also noticed going

19 through sort of the documents, that some of
20 the stuff that's in one is the other as
21 well; is that correct?

22 A You are correct.

23 Q And sometimes looks like they're
24 pasted from somewhere. Is it just pasted
25 from one record to another?

↑

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1 ROUGH DRAFT - FEBRUARY 10, 2023

2 A Yes.

3 Q And there became a point in time
4 where Art Now Inc., Louise Blouin Media Inc,
5 and Louise Blouin were all being worked by
6 you, even though that hadn't been
7 historically the case; is that right?

8 A Yes.

9 Q Why is it you don't sort of
10 consolidate all your work into a single
11 record?

12 A Because the system is incapable of
13 that.

14 Q Okay.

15 A So when I cut and paste some of
16 the concurrent history from Art Now to LBM,
17 that was my attempt at least connecting the
18 two.

19 Q And am I correct that there was at
20 one point a different revenue officer
21 investigating Louise Blouin Media Inc.
22 before you got assigned it?

23 A For a brief period of time, yes.

24 Q And I also see -- I gleaned this
25 from looking at the records, is that the

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1 ROUGH DRAFT - FEBRUARY 10, 2023
2 investigation regarding Art Now Inc. is
3 older, in other words, dates back to an
4 earlier time period as its begin date than
5 Louise Blouin Media Inc.?

6 A Yes.

7 Q Okay.

8 A Correct.

9 Q And there a reason for that, or
10 just one was picked up earlier than the

11 last?

12 A I can't give you a definitive
13 answer because I don't know; I can only
14 suppose.

15 Q What do you suppose?

16 A Well, Art Now, there was a
17 resolution to the earlier delinquent returns
18 when the service center prepared assessments
19 for those unfiled returns. And that turned
20 them into balances due that needed to be
21 collected. So the system took them out and
22 sent them out to -- eventually, they ended
23 up into collections. Louise Blouin or LBM
24 Inc. was a little more complicated because
25 there were a series of unfiled returns with

↑

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1 ROUGH DRAFT - FEBRUARY 10, 2023

2 these deposits scattered all over the place.

3 And, again, this is -- I'm not
4 swearing to this; I'm just giving you my
5 supposition to try to satisfy your question.

6 The system really didn't know what to do with

7 it. It looked like there were different
8 functions looking at it to see if they were
9 going to do the same thing that they did to
10 Art Now, but it looked a little bit more
11 complicated to that function that would
12 normally do it. It wasn't, you know, a
13 straight calculation like it was in Art Now.
14 And that's why I picked it out of this -- I'm
15 going to say it was stayed up in a way. It
16 was suspended. That's the correct word. It
17 was suspended from elevating out into
18 collections. So in the course of doing my
19 full compliance check -- and I noticed that
20 LBM had issues that were on an order of
21 magnitude by ten over Art Now. That's when I
22 accelerated the process to get it out into
23 the field.

24 Q So they're different because Art
25 Now never filed the 941s, and there was some

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1 ROUGH DRAFT - FEBRUARY 10, 2023
2 history with Louise Blouin Media Inc. doing

3 so, although periodically?

4 A I don't think it's as simple as
5 that to be honest with you, but I don't know
6 how I would tease out your explanation.

7 Q So let's just kind of go through.
8 You can see that page, the pages are on the
9 bottom. So I'll refer to those pages
10 beginning with Exhibit No. 11, and hopefully
11 that copied right where they're
12 double-sided; is that right?

13 A Yes. All you have to do is say
14 the page number; they're at the bottom of
15 every page.

16 Q And one of the things on Page 6
17 is, there's a thing called a BMF/IMF. And
18 what does that -- what does that actually
19 refer to? It's 2/3 of the way down?

20 A And you say Page 6, correct?

21 Q Correct.

22 A You mean BMF/IMF online?

23 Q Well, yeah, what does that mean?

24 A Okay. BMF stands for business
25 master file.

↑

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1 ROUGH DRAFT - FEBRUARY 10, 2023

2 Q Okay.

3 A IMF stands for individual master
4 file. It's a generic term meaning -- this
5 is from a pick list on the history that you
6 can choose to put. Now, the revenue officer
7 that did this 4311, if I may call that
8 person that.

9 Q What is the person's name?

10 A 4311, I don't know. I don't know
11 who -- because this was back in 2012.

12 Q Okay.

13 A I didn't know Art Now at all. It
14 was a rather minor thing. But on their pick
15 list when they -- they said, Well, I'm going
16 to look at the BMI/IMF online. You're
17 looking at IDRS, and you're looking at
18 summaries of what the tax account looks
19 like. It could be an individual or a
20 business. In this case it's a business.

21 When they -- the template stops
22 where it says, results, and you have your
23 colon. And then IMF means that is the

24 actually record that the revenue officer
25 looked at. BMF literally stands for -- I

↑

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1 ROUGH DRAFT - FEBRUARY 10, 2023
2 might have one letter wrong -- business
3 master file online, and "I" means
4 informational, I believe. And that would be
5 a summary, a snapshot of all of the returns
6 that the taxpayer would be required to file
7 and whether they were filed and whether there
8 were balances due, remaining balances due on
9 them.

10 Did I answer your question?

11 Q You did, thank you.

12 And just so -- this Exhibit 11,
13 the investigation into Art Now it began in
14 July of 2012; is that right?

15 A Yes.

16 Q And then -- and it was opened
17 because of -- tell me if I got this right,
18 two unfiled 941s.

19 A Where do you see that?

20 Q I see it on Page 6.

21 A TP has two 941s, bal due
22 outstanding.

23 Q Right.

24 A Then you're correct.

25 Q And is that normal for an

↑

78

1 ROUGH DRAFT - FEBRUARY 10, 2023
2 investigation to cue after just the missing
3 941s for two quarters?

4 A What do you mean by the word
5 "cue."

6 Q To be opened as an investigation.

7 A That word is actually -- queue
8 means you stick it in a queue meaning you've
9 set it aside.

10 Q Well, no -- or it could mean --

11 A No, I just mean it's an IRS term,
12 so I don't know your familiarity. So we
13 have a thing called the queue, which this
14 case actually went to after this revenue
15 officer, 4311, if I might use the last four

16 digits, went to afterwards. And the queue
17 is a place where these cases go waiting for
18 them to be assigned out to somebody. So I
19 would say triggered, maybe, the balance due?

20 Q Yeah.

21 A Is that the word you're looking
22 for?

23 Q Yeah.

24 A Okay. So that was one of the
25 things that triggered it out when he

↑

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1 ROUGH DRAFT - FEBRUARY 10, 2023
2 analyzed it. This is the case analysis.
3 All revenue officers should review a case,
4 all of the information, internal information
5 they have accessible to them to at least get
6 an idea of what this case is about before
7 they go out and try to make contact with the
8 taxpayer.

9 Q Okay. So Page 25. And if I think
10 that if you go to the prior page, it's a
11 note -- Page 25 includes notes from April

12 15, 2013; is that correct?

13 A Yes, sir.

14 Q And part of what's being done here
15 is that there's an investigation by you --

16 A This wasn't me.

17 Q Oh, this wasn't you. Okay.

18 A Yes, sir.

19 Q There is an investigation by 4311?

20 A 4311. I wish I knew the person's
21 name, but it was a long time ago.

22 Q And he's trying to figure out --
23 he or she is trying to figure out whether
24 there is some corporate officer that can be
25 found to impose the penalty for the failure

↑

80

1 ROUGH DRAFT - FEBRUARY 10, 2023

2 to turn over the trust money, right?

3 A No. That's not the primary aim of
4 when you go out on a balance due issue where
5 you're trying to -- you're actually just
6 trying to collect from the actual business.

7 The trust fund recovery penalty is not

8 something you shoot for right away. I mean,
9 you can see certain indications from a case
10 that you may have to go that route. But
11 really what we want to do is get that
12 taxpayer into voluntary compliance and come
13 up with some collection alternative --
14 installment agreement, or, you know, if they
15 can't pay, then maybe we'll address the
16 trust fund recovery penalty so that we'll
17 see how much we can get paid by the
18 responsible parties. That's general
19 collection.

20 Did that answer your question?

21 Q It did.

22 So I want you to turn to Page 45.

23 A Okay.

24 Q And it says, Action date, July 8
25 2016. That's what I'm referring to, okay?

↑

81

1 ROUGH DRAFT - FEBRUARY 10, 2023

2 Do you see that?

3 A Yes.

4 Q And below that, it says, General
5 history. It says, NFTL, Notice of Federal
6 Tax Lien.

7 Do I have that right?

8 A Yes, sir.

9 Q For periods of -- and then it
10 says -- let's see if I get this, 20 --
11 December 2010 to September 2014.

12 Did I get that right?

13 A Yes, sir.

14 Q Was returned.

15 Do you see that?

16 A It says, Not deliverable as
17 addressed, afterwards, Unable to forward.

18 Q And is this -- are you involved at
19 this point?

20 A No. This is the guy immediately
21 before me.

22 Q This is still 4311?

23 A No, this is 4342.

24 Q Who is 4342?

25 A ^ Thomas Von Leaven. He's the guy

1 ROUGH DRAFT - FEBRUARY 10, 2023

2 I got the case from.

3 Q And I see, okay, Thomas. And who
4 was the NFTL's issued to, do you know?

5 A The NFTL was filed against Art Now
6 Inc. using the address of record at the
7 time. I can't tell really from the history,
8 although, you know, if you go back a couple
9 of pages to Page 42, you see he actually
10 made a field visit to 88 Lake Street for
11 that.

12 He entered the office and asked the
13 woman at the front desk her company. And she
14 stated it was the company and she was the
15 office manager. Ronata was her name. I
16 asked why the envelope I had left was
17 returned last week. I showed her the
18 overnight envelope, and she stated she sent
19 it back to me and was unsure why. I don't
20 know why. She stated she would get
21 accountant, Ron, that's, I guess, the account
22 manager came out. I asked about the letter
23 that was left. He advised he was unsure what
24 it was about. I asked if he was aware of

25 941s returns and payroll. He advised that he

↑

83

1 ROUGH DRAFT - FEBRUARY 10, 2023

2 just made payments on balance for company.

3 So he said, I made payments.

4 Do you want me to continue to read
5 it?

6 Q I don't. I don't need you to read
7 it. I just don't like interrupting people
8 when they're in the middle of things.

9 A That's why I gave you an
10 opportunity.

11 Q I appreciate that, sir.

12 A So now I'm trying to say, like, it
13 looks to me like he filed the NFTL based
14 upon the address, the official record of the
15 address at the time. Now, it may have been
16 88 Lake Street, it may have been 601 West
17 26th Street, which was the preceding address
18 they had left.

19 Q Okay. So when you say the address
20 of record, that's what you mean by the last

21 known address, right?

22 A No. Because last known is a much
23 broader term than that.

24 Q Okay.

25 A Than just what's on record.

↑

84

1 ROUGH DRAFT - FEBRUARY 10, 2023

2 Q Oh, I see. Because someone can
3 file a return from the last address of
4 record and then not file one even though you
5 know them to exist somewhere.

6 A I'll make it even simpler. You
7 could come in to me and say, Mr. Gould,
8 don't send any notices to my house
9 anymore --

10 Q My wife --

11 A Yeah. My wife threw me out of the
12 house and I have to live in the apartment,
13 my basement apartment, here's the number.
14 And then guess what? As the IRS, that's
15 your last known record.

16 Q All right. Because we'll get to

17 that in just a little while.

18 And just with regard to the guy,

19 Ron?

20 A The account manager?

21 Q Yeah. On Page 42, and it

22 continues on to Page 43. He comes out and

23 tells your revenue officer that he's the

24 account manager, right?

25 A I'm just going to read what he

↑

85

1 ROUGH DRAFT - FEBRUARY 10, 2023

2 said.

3 Q No, don't read it. Just kind of

4 summarize it for me.

5 A Well, no, I have to go by what he

6 says. That's why we make these history

7 entries.

8 Q Okay, go ahead.

9 A Ron, the accounting manager came

10 out.

11 That's all I know.

12 Q Okay. So if someone -- first of

13 all, if an account manager is responsible
14 for making sure that payroll is being done,
15 you can hold him responsible as a
16 responsible person for the nonpayment of
17 employment tax, correct?

18 A Not based on that statement. Ron,
19 the accounting manager came out.

20 Q My question is different. If it
21 turns out that the account manager in any
22 corporation in the world didn't -- was
23 responsible for payroll, the penalty for the
24 nonpayment of the trust fund can be assessed
25 against him, right, or her?

↑

86

1 ROUGH DRAFT - FEBRUARY 10, 2023

2 A Not based upon the statement, Ron,
3 the --

4 Q Not based upon the -- I'm just
5 saying as a general rule --

6 A Not based upon his title either.

7 (Reporter clarification.)

8 A Oh, I'm sorry. I'm messing you

9 up.

10 Q We were doing --

11 A No, no. That's cool.

12 Q She blamed you.

13 A Yeah, I --

14 Q But I think we were doing --

15 A No, that's all right. I got this
16 one and I've got to take it.

17 Q So what I'm saying is -- and the
18 only point I'm making is -- forget Ron --
19 you can impose as the IRS under the code
20 under your investigation, if you determine
21 that the lowest-end employee is required to
22 turn over or is responsible for the payment
23 of the trust -- of the withheld money to the
24 IRS, it doesn't matter what the title is,
25 it's anybody who has responsibility to turn

↑

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1 ROUGH DRAFT - FEBRUARY 10, 2023

2 it over you can go after. Is that a fair
3 statement?

4 A Yeah. I think you conflated two

5 things, but it's not just I impose the trust
6 fund penalty on someone?

7 Q Right.

8 A There's a process.

9 Q Right. And, in fact, if it turns
10 out that the person has a dual role and is
11 at the lowest end of your employee scale
12 where he might be the janitor but also in
13 charge of payroll, and if he's in charge of
14 turning the money over to the IRS that's
15 withheld from the employees, you can go
16 after that guy as easily as you can against
17 the president of the company.

18 A That's a heck of a scenario
19 you've -- so I don't know how to answer that
20 to be honest with you. I mean, you've
21 conflated a janitor to a director of
22 payroll. I can't agree with that.

23 Q Well, on its surface --

24 A Because it's ridiculous.

25 Q The point being is, is that it

1 ROUGH DRAFT - FEBRUARY 10, 2023

2 doesn't matter the person's title; it only
3 matters whether they're a responsible person
4 or not.

5 A I agree with that rather
6 simplified explanation. Thank you for
7 clarifying it.

8 Q And conversely, the fact that
9 someone is an officer or director of a
10 company doesn't make them a responsible
11 person as it could be defined by you, right?

12 A You need to gather all of the
13 information to determine who is responsible.

14 Q Right. But my question stands.
15 The question is, the fact that someone holds
16 a particular title, it doesn't make them a
17 responsible person just because they're in
18 that position or hold that title?

19 A Right. Title is just one
20 indicator of where to begin to ask or whom
21 to begin to ask questions of.

22 Q Okay. I want to go to Page 49.

23 A Skipping around. All right.

24 Q I'm not skipping around.

25 A I don't know, we've gone to 43,

↑

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1 ROUGH DRAFT - FEBRUARY 10, 2023

2 46 -- well, I took you to 42. Okay, sorry.

3 (Discussion held off the record.)

4 A Okay. So 49. Here we go.

5 Q So August 23, 2016, were you yet
6 in charge of the case?

7 A No, I was not.

8 Q And this was the prior guy; I
9 forget his name.

10 A Let's just call him Tom.

11 Q Tom. And Tom had -- do you
12 know -- did you know in reviewing the case
13 file that Tom had had problems with his
14 computer?

15 A I remember him telling me that he
16 had problems with his computer. I didn't
17 know it coincide with all of these events,
18 though.

19 Q Back to what Ms. Sylvia said.
20 Like her, did you and did Tom also have an
21 IRS-issued computer?

22 A To clarify the record with IRS,
23 all of us are issued -- at least in
24 investigative roles that we have for the
25 purposes of this discussion, we have our own

↑

90

1 ROUGH DRAFT - FEBRUARY 10, 2023
2 laptops which are hooked into a network,
3 okay, and a server that is secure. And it
4 gives us -- that is our portal to the
5 database to get what we need to research and
6 develop cases.

7 Q Okay. When you're developing and
8 researching cases, do you store documents as
9 part of your -- as part of your
10 investigation locally on the laptop that
11 you're issued by the IRS?

12 A Well, in this particular case, in
13 ICS, right, that generated the history,
14 there were various functions in that
15 program. We can generate -- these, I did
16 this on ICS. We can generate our notices of
17 intent to levy on ICS as well. Those

18 documents either you have the option to
19 print, and certainly the copies that you
20 want to send to the taxpayer, that you may
21 have copies there, you print those because
22 you can't send them an electronic file. Now
23 you can, but for the purposes of this, you
24 couldn't. You needed to mail it. And the
25 records that are kept of that correspondence

↑

91

1 ROUGH DRAFT - FEBRUARY 10, 2023
2 are in what we call a File Explorer, meaning
3 it's a specific, you know, looks like a
4 manila envelope icon and you click on it and
5 all of a sudden it will display all the
6 documents you generated.
7 Now, does anyone else have access
8 to it? No. Those are specific just to the
9 person that has that laptop. When ^
10 Mr. Bronleewe, I assumed the case from ^
11 Mr. Bronleewe, and I looked in the File
12 Explorer, I didn't have access to any of the
13 documents he generated because the system

14 isn't designed that way.

15 Q Okay. And do you know and did you
16 investigate whether any of the information
17 that ^ Mr. Bronleewe was lost and could not
18 be recovered?

19 A I had no reason to do that.

20 Q Okay. And that's not what I asked
21 you. So you didn't do the investigation.
22 Do you have any knowledge as to whether
23 there was information in ^ Mr. Bronleewe's
24 computer that was lost and could not be
25 retrieved from a different source?

↑

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1 ROUGH DRAFT - FEBRUARY 10, 2023

2 A Okay. Are you -- can you restate
3 that question in conjunction with 49,
4 because I'm trying to reconcile you brought
5 me to this page.

6 Q Yeah. It says, Computer will be
7 given to IT at noon for reimaging.

8 A Okay.

9 Q It also says, the first sentence

10 says, Assignee revenue officer is having
11 laptop issues.

12 A Um-hmm.

13 Q And so my question is, is did you
14 understand that any of the information that
15 would otherwise have been available to ^
16 Mr. Bronleewe was lost and not recovered?

17 A Well, you know, I'm looking at the
18 history, and it seems to progress, so I
19 don't see lost information here.

20 Q But you don't know for sure?

21 A Well, what kind of information
22 would I be looking for other than what he
23 did on the case, and that's what he wrote.
24 So I had no reason to investigate whether he
25 lost any documentation as a result of what

↑

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1 ROUGH DRAFT - FEBRUARY 10, 2023

2 we see on 8/23/2016.0.

3 Q Well, maybe, maybe not. But you
4 did an investigation on Louise Blouin,
5 right?

6 A Yes, sir, I did.

7 Q You saved things like newspaper
8 articles that you had seen on her, right?

9 A Public record, yes.

10 Q And you saved that information on
11 your computer, correct?

12 A Actually, I printed it.

13 Q Okay. But you could have saved it
14 to your computer, correct?

15 A In my history entry, I think you
16 find links to articles. I'm not supposed to
17 download stuff from the public domain onto a
18 secure laptop because it may have viruses or
19 other threats.

20 Q Let's talk about a different
21 topic.

22 You had a document that seemed to
23 indicate the names of directors of one of
24 the BVI companies, right?

25 A Can you direct my attention to --

↑

2 Q We'll get to it later, but --

3 A Well, no, I can't answer that
4 question unless you show me what --

5 Q I withdrew the question. I said
6 we'll answer that question later?

7 A Okay. I'm sorry.

8 Q Okay. So my question is, is do
9 you have the capability of storing
10 information on your laptop computer that
11 only you can access?

12 A In that File Explorer, those
13 notices that I generated, as well as the
14 copies of these things that were on my
15 computer, okay, I had just happened to have
16 prints of these. But what I was doing was I
17 was saving the other copies, the filing
18 copies on my computer so I wouldn't have to
19 have a big paper file.

20 Q Yeah?

21 A But nobody else could get in
22 there. It could be in my File Explorer.
23 After a certain time after the case is
24 closed, that File Explorer just dumps out
25 and all those --

↑

95

1 ROUGH DRAFT - FEBRUARY 10, 2023

2 Q And all that stuff is gone?

3 A All those copies of the copies,
4 they -- I don't know where they go.

5 Q Okay. Now, I want you to turn to
6 Page 59. So you see the entry that says May
7 22, 2017?

8 A Yes, sir.

9 Q Is this you?

10 A Yes, sir.

11 Q That's you, right?

12 And it says, Follow-up on a case
13 issue to find no actions taken by ^ Attorney
14 Fish, right?

15 A That's what it says.

16 Q No action taken on request to do
17 direct assign the related Louise Blouin
18 Media entity to a revenue officer.

19 And it says, Determined that a
20 TFRP needs to be asserted against
21 Ms. Blouin.

22 Do you see that?

23 A Yes, sir.

24 Q And at the time that you wrote

25 this, did you have sufficient information to

↑

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1 ROUGH DRAFT - FEBRUARY 10, 2023

2 assert a TFRP against Ms. Blouin?

3 A She -- at this time, she was a

4 significant -- no, she wasn't just

5 significant. She was the sole person of

6 interest at the time.

7 Q And -- but my question is

8 different. Did you, in May of 2017, have

9 the information you needed in order to

10 assert the TFRP claim against Ms. Blouin?

11 A Well, at this point, I couldn't

12 assert it against Ms. Blouin.

13 Q Why is that?

14 A She didn't have a Social Security

15 number.

16 Q Okay. But my question is still

17 different. Not -- so you couldn't execute

18 on it, but did you have sufficient

19 information had she had a Social Security
20 number to impose the TFRP penalty against
21 her?

22 A Okay, well, may I answer the
23 question?

24 Q I wish you would.

25 A Okay. I determined that a TFRP

↑

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1 ROUGH DRAFT - FEBRUARY 10, 2023
2 needs to be asserted against Ms. Blouin
3 because she was the only person at that
4 point that I could see that had any physical
5 responsibility for any of the entities that
6 are -- Art Now and LBM.

7 Q Okay.

8 A Wait. There's more. Okay?

9 Q Okay?

10 A This statement is misleading. I
11 was really speaking to myself. I was
12 looking down the road at the end, but what
13 this statement doesn't take into account is
14 that there was a process involved with

15 making an assertion, which means proposing
16 the assertion, waiting the 65 days for the
17 potentially responsible person, in this case
18 Ms. Blouin, to respond, and then I make the
19 assertion.

20 But even before that, I still had
21 to find a way to assign her an SSN because
22 she was a foreign entity.

23 Q Okay?

24 A So you're reading this as if I'm
25 going to turn around and go bang. What I

↑

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1 ROUGH DRAFT - FEBRUARY 10, 2023
2 was stating was I needed to begin the
3 assertion process. That is what I meant by
4 that statement, so I apologize for the
5 misreading of it.

6 Q That's okay. That's okay. That's
7 why I'm asking you.

8 A Okay.

9 Q At the time you wrote that, what
10 information did you have about Ms. Blouin

11 that made you believe that you should assert
12 the TFRP against her that?

13 A That there was nobody else to
14 consider because she was -- all roads led to
15 Ms. Blouin.

16 Q Okay. And you knew that Ms.
17 Blouin was not a citizen of the United
18 States; is that correct?

19 A Correct.

20 Q Okay. And was living -- did you
21 figure out where she was living?

22 A I -- you know, at the time, from
23 articles, it says Switzerland. It said that
24 she add -- her business was in the UK,
25 perhaps London, because I did see some of

↑

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1 ROUGH DRAFT - FEBRUARY 10, 2023
2 the addresses. Then there was a connection
3 to the British Virgin Islands. So she was
4 all over, so I didn't have a specific
5 address, but I knew one thing. She
6 controlled assets here in the United States,

7 the most significant of which is the company
8 that beared her name.

9 Q Okay.

10 A And about -- if you look in the
11 history earlier, ^ Mr. Bronleewe actually
12 found several companies in the very
13 beginning, and they all had LTB or some --
14 some concoction of her initials which made
15 it obvious that this was hers. This was
16 hers gig.

17 Q Are you 4346?

18 A Yes, sir, I am.

19 Q And on page --

20 A Oh, no wait. Excuse me. I'm 41.

21 I don't know who -- where are you looking at
22 4346?

23 Q 65.

24 A Oh, okay.

25 Q 4341, that's you, right?

↑

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1 ROUGH DRAFT - FEBRUARY 10, 2023

2 A Yes, sir.

3 Q Okay. So on Page 65, on August 4,
4 2017, you're being assigned the Louise
5 Blouin Media case, right?

6 A Correct.

7 Q And there was, and I saw it in
8 your notes is that, there were some efforts,
9 and you had never done it before, I think,
10 to assign Louise Blouin a TIN number so that
11 you could pursue her?

12 A Right. The process was not off --
13 if I might speak off the cuff but on the
14 record, the process was changed since the
15 last time I did it.

16 Q Okay.

17 A Once upon a time when I worked
18 Chinatown cases and there were all these
19 foreigners there running their sweat garment
20 industry shops --

21 Q Yeah.

22 A -- none of them had Social
23 Security numbers, or at least the owners, so
24 I had to find the owner, and I knew that
25 they were in control of the situation, but

↑

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1 ROUGH DRAFT - FEBRUARY 10, 2023

2 they didn't have a tax ID number. So we had
3 a streamlined process where I could get an
4 ITN. It was a matter of just put in a piece
5 of paper and you got it within a week.

6 Q Okay. And I'm just curious,
7 what's this whole business about the
8 asterisk? What is that? Do you know what
9 I'm talking about.

10 A Well, the asterisk is an -- and
11 I'll just be specific to this.

12 Q Yeah.

13 A Instead of being general. That
14 means that the number was assigned to her;
15 it's not a number she applied for.

16 Q Okay. And they put an asterisk
17 next to it?

18 A Yeah.

19 Q Okay?

20 A And hopefully, we wanted to change
21 to a number that she applies for when we
22 merged the accounts.

23 Q Right. If she should be --

24 necessary to pay taxes, right?

25 A Let's just say if she is applies

↑

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1 ROUGH DRAFT - FEBRUARY 10, 2023

2 for a tax ID number, that asterisk number

3 goes away. Whether she pays taxes or not, I

4 haven't seen much tax paying here, so.

5 Q Do you know the tax number?

6 A What?

7 Q The tax number that was assigned

8 to her?

9 A It's on the history there. And

10 it's also on the liens. Personally, no, I

11 don't.

12 Q I think it's been redacted.

13 MR. MURPHY: It's redacted.

14 MR. MESSINGER: Could someone

15 provide that to me?

16 MR. MURPHY: You want the full ID

17 number?

18 THE WITNESS: I can do that.

19 MR. MESSINGER: Yeah, I do. I

20 don't want it on the record. I was
21 going to ask you to write it down on a
22 piece of paper.

23 THE WITNESS: Okay, yeah. I don't
24 know it offhand, but I should with all
25 the times I've had to write it down.

↑

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1 ROUGH DRAFT - FEBRUARY 10, 2023

2 MR. MURPHY: We'll write it down
3 and pass it to you in a minute.

4 MR. MESSINGER: Okay.

5 Q So on Page 67. Are we there?

6 A I'm there.

7 Q There's some indication that in
8 November of 2017, that the IRS had
9 determined to assess a penalty against -- is
10 that Ms. Blouin; is that right?

11 A Let's see. Let's read the
12 history.

13 MR. MURPHY: I'm going to hand you
14 a paper with the number on it.

15 MR. MESSINGER: I don't know where

16 to put it.

17 A What line in the history are you
18 referring to. I drew a blank.

19 Q The second to last sentence on
20 Page 67 at the bottom where it says,
21 quote -- the quote's in the original --
22 complete 620B package. If assessed, the
23 result will be a total of 5,797,000.

24 Do you see that?

25 A Yes, sir, I do.

↑

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1 ROUGH DRAFT - FEBRUARY 10, 2023

2 Q What's going on here?

3 A Okay, actually, this -- this
4 relates partially or includes, not just a --
5 oh, this is the total amount of trust funds
6 that would be due from Art Now and LBM.

7 Q Combined?

8 A Combined.

9 Q Okay.

10 A And this was a manual calculation
11 because these numbers weren't in the system.

12 Q Okay. I saw that. You handwrote
13 it, right?

14 A Yeah, you know, I've been doing
15 this a long time, so I know how to -- you
16 just -- I can show you through here, but
17 that would just slow us down.

18 Q Now, on Page 73, there's a note
19 from you, dated January 19, 2018.

20 Do you see that?

21 A 7328 or 26?

22 MR. MURPHY: 1/19/2018 --

23 A Yeah, 1/19 --

24 MR. MURPHY: Is what he said.

25 A Okay. Patricia Rich?

↑

105

1 ROUGH DRAFT - FEBRUARY 10, 2023

2 Q And was she the person helping you
3 get a --

4 A ITN.

5 Q And then on February 7, 2018, the
6 next page, is when you make a determination
7 to contact the two employees of Art Now,

8 right?

9 A Yes, sir.

10 Q Okay. We talked about that a
11 little bit.

12 A Um-hmm.

13 Q And that was -- that was in order
14 to determine, basically, whether or not
15 there was efficacy to your theory that
16 Louise Blouin is a controlling person of
17 either Art Media and/or Louise Blouin -- I'm
18 sorry, Art Now or Louise Blouin Media Inc.;
19 is that correct?

20 A Yes.

21 Q Is it safe to assume that, as of
22 that date, you did not feel that you had
23 sufficient evidence to make a claim for the
24 penalties against Louise Blouin?

25 A I was trying to gain as much

↑

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1 ROUGH DRAFT - FEBRUARY 10, 2023
2 information as I could in the absence of
3 being able to speak to Louise Blouin

4 herself, even though I'm sure she knew I
5 was -- I assume she knew I was trying to
6 reach out to her. That was my intent, to
7 try get her to respond to my efforts to
8 collect, because all the other low level
9 employees just threw their hands up in the
10 air and said somebody else who never
11 materialized.

12 Q Now, did you come to learn that
13 the payroll was actually handled by both Art
14 Now and Louise Blouin Media Inc. by a
15 company called Paychex?

16 A Paychex?

17 Q Yeah.

18 A You mean the payroll service?

19 Q Um-hmm.

20 A I don't recall at this point in
21 time. Is there an instance in the history
22 you can point to me and refresh my memory.

23 Q Yes, on Page 81?

24 A Okay. And we are looking at --

25 Q Right over here.

1 ROUGH DRAFT - FEBRUARY 10, 2023

2 A Well, if it's in the history, then
3 I made that determination, yes.

4 Q And Paychex -- and that's Paychex
5 with an "X" at the end -- is a company that
6 provides a number of different services, but
7 one of the services they provide is they're
8 a vendor for payroll, right?

9 A Yes, sir.

10 Q And like many payroll companies,
11 do you have the understanding that they
12 actually manage the payment of employment
13 taxes for the underlying entity that they
14 serve as vendor for?

15 A They manage, but they don't pay.

16 Q No, no, I get that. They manage
17 but they don't pay, right?

18 A Yes.

19 Q And there have been cases -- at
20 least I've read about them and maybe you're
21 aware of -- where certain, not vendors, also
22 don't pay employment tax, right, you've seen
23 these cases, right?

24 A Um-hmm.

25 Q Yes.

↑

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1 ROUGH DRAFT - FEBRUARY 10, 2023

2 A Yeah.

3 Q Okay. And did you contact Paychex
4 to determine whether they actually had been
5 paid the amount that was due for the
6 employment tax but simply hadn't turned it
7 over to the IRS?

8 A I've known Paychex a long time.
9 And Paychex, the terms of their service are,
10 if they don't have enough to cover the 941
11 tax returns, they will not file a balance
12 due return for the taxpayer.

13 Q Okay?

14 A So they may have been managing the
15 payroll, meaning there might have been money
16 in account -- it could have been in a
17 different account under a different name
18 line. She could have been -- actually a
19 couple of the responses I got from these two
20 employees, showed that their payroll came

21 from a different entity, BTB or something.
22 It's on there. I'm sure you looked at it.
23 So at that point, I kind of
24 realized that, well, you know, they had her
25 on a -- they were paying her from a different

↑

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1 ROUGH DRAFT - FEBRUARY 10, 2023
2 entity, which at that point was a little
3 outside the scope of my investigation. Also,
4 if they were paying under Art Now, but they
5 didn't have sufficient deposits against the
6 account as it was accruing, meaning in this
7 case, I believe they would have been a month
8 monthly depositor, they would not have filed
9 the returns for them because Paychex does not
10 want to be even remotely be considered liable
11 for the filing of a balance due return.

12 And in many cases that I see where
13 I go to an employer and I was like, you don't
14 have any filed returns. I see a few
15 deposits. The employees got paid. They got
16 paid, but the returns aren't there. And

17 said, well, I use Paychex. Talk to them. I
18 was like, well, Paychex has a policy, if you
19 don't keep enough in your account to make all
20 the timely federal tax deposits, we absolve
21 ourselves of the responsibility of filing the
22 return. And then they send the taxpayer a
23 copy of the partially completed return, right
24 up to, like, one of these lines here, saying,
25 yeah, where it says, deposits, we left that

↑

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1 ROUGH DRAFT - FEBRUARY 10, 2023

2 blank. You take care of it.

3 And there are cases where I've
4 seen, like, look in that draw over there.

5 Q Isn't it true that Paychex will
6 actually handle, for certain of its
7 customers, the payment of the employee tax?

8 A They do have that service. They
9 do offer that service.

10 Q And if Paychex had been in charge
11 of that service for any of the companies
12 that you were investigating and hadn't

13 turned over the money, Paychex could
14 actually be liable for the penalty for Art
15 Media and Louise -- I'm sorry -- Art Now and
16 Louise Blouin Media Inc., the same as any
17 other person who would be responsible for
18 turning over the money?

19 A I've never seen that in my 32
20 years.

21 Q I'm just saying theoretically it's
22 possible, right?

23 A I've never seen that in my 32-year
24 career, and I figured that was a dead end
25 right there after -- I put it in the history

↑

111

1 ROUGH DRAFT - FEBRUARY 10, 2023
2 at the time, but then later on I thought
3 better f it and said, Nope, that's a slow
4 BOAT to China.

5 Q The point being this, is you are
6 familiar with Paychex, right?

7 A Yes, sir, I am.

8 Q And there are other companies like

9 them, right?

10 A Yep.

11 Q And from time to time those
12 companies do make mistakes, correct?

13 A They make a lot of mistakes.

14 Q And that's why you know of them,
15 right?

16 A You know, I see where you're going
17 with this.

18 Q Yeah, but you've got to go down
19 the path with me.

20 A No, because you're going to try to
21 get me to agree with a supposition that is
22 so far off the base of this scenario, I'm
23 not going there.

24 Q Okay. But so answer the question
25 anyway, because that's what you're required

↑

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1 ROUGH DRAFT - FEBRUARY 10, 2023

2 to do.

3 A Can you please restate the

4 question in a -- in another fashion so I can

5 answer. Because, really, what you were
6 doing was you were compounding this and this
7 and this, and then you were getting to --

8 Q Okay.

9 MR. MESSINGER: Can I get the
10 question read back, please.

11 (Record read.)

12 A I'm going to take the question you
13 way you put it together. And at times those
14 companies make mistakes, yes, and that's why
15 you know of them, right? That's two
16 questions, no.

17 Q Okay. Touche.

18 When you've approached those
19 companies before, haven't you, to inquire
20 about payroll when you're doing your
21 investigation, right?

22 A Do you really want me to explain
23 my experience --

24 Q I want you to answer the question.
25 Is part of the reasons you go to the

1 ROUGH DRAFT - FEBRUARY 10, 2023

2 companies is because --

3 A I don't normally go to Paychex.

4 Q Okay.

5 A Because of experience with their
6 bloated bureaucracy and their indifference
7 to many of their low level and maybe
8 mid-level clients. I've had complaints from
9 taxpayers saying, they're not responding to
10 me.

11 Q Okay. So you're aware, at least
12 in your opinion, Paychex makes mistakes,
13 right?

14 A That's on record.

15 Q Okay. And Paychex is not as
16 responsive to inquiries from revenue
17 officers as you would like them to be,
18 right?

19 A True.

20 Q And here, you are making a serious
21 allegation regarding a company that has not
22 turned over employee tax, correct?

23 A That's correct the way you stated
24 it.

25 Q And you're also dealing with a

↑

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1 ROUGH DRAFT - FEBRUARY 10, 2023

2 person, Louise Blouin, who says she doesn't
3 have -- well, you never spoke to her, but
4 you would have --

5 A Never. Go ahead.

6 Q -- you would assume that she would
7 say, I'm not the responsible person?

8 A She never responded.

9 Q Okay, but still, you didn't go to
10 Paychex and ask them whether Art Now or
11 Louise Blouin Media Inc. had the service
12 where they gave the employee tax to Paychex
13 to provide to the government, right? You
14 didn't do that part?

15 A No, I did not.

16 Q Okay. So when I read your notes,
17 I see that you focused your attention on
18 Louise Blouin, and you had stated the reason
19 why you did that is because her namesake or
20 initials were in the names of at least one
21 of the companies you were investigating, but

22 you saw her namesake in other ones, right?

23 A Not just that, but, yes. There
24 was more to it.

25 Q And I love TV, and they always

↑

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1 ROUGH DRAFT - FEBRUARY 10, 2023

2 say, Follow the evidence.

3 A It's not just TV.

4 Q And what I see from TV is a lot of
5 the detective shows say, don't draw your
6 conclusion, follow the evidence to the
7 conclusion.

8 Do you agree with that?

9 A If we take the TV out of it, I am
10 an investigator and I'm not a TV show. But,
11 yeah, you follow the evidence.

12 Q And here, you made a conclusion,
13 because I see it in your documents, that you
14 were going to conclude that Louise Blouin
15 was going to be the target of your
16 investigation, correct?

17 A That's how you read it.

18 Q Okay.

19 A My answer to your question is,
20 from the outset, it became evident that all
21 of the financial decisions were being made
22 or at least finalized or approved of by
23 Louise Blouin, which means what got paid was
24 from Louise saying, Pay it. What didn't get
25 paid was from Louise either saying, Don't

↑

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1 ROUGH DRAFT - FEBRUARY 10, 2023
2 pay it, or dismissing it, or ignoring it.
3 There were no records in any of my
4 contacts or ^ Mr. Bronleewe's to show any
5 coherent, responsible fiscal management of
6 these U.S.-based entities that were paying
7 payroll taxes that had a responsibility to
8 withhold Social Security contributions from
9 employees, withhold federal income tax from
10 employees, and then trust them over to the
11 government. That is what I saw.

12 Q Okay.

13 A So I hope I answered your

14 question.

15 Q On Page 85 there is, on April 16,
16 2018, an indication of an address that says,
17 Change requested. Address 376 Gin Lane,
18 Southampton, New York 11968. And it says,
19 to, and it seems to change the address to
20 the same thing.

21 Do you see that?

22 A Yep.

23 Q What's going on here?

24 A I respelled Lane from L-N to
25 L-A-N-E.

↑

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1 ROUGH DRAFT - FEBRUARY 10, 2023

2 Q Oh, okay.

3 A You got me.

4 Q And what is an IDRS mailing
5 address? What does that mean?

6 A The IDRS address is the address
7 that is on IDRS, the Integrated Data
8 Retrieval System.

9 Q And is this all in conjunction

10 with your attempts to assign to Ms. Blouin a
11 TIN number?

12 A Are you saying -- are you using
13 the 4/16/2018 history entry to help me
14 clarify what your question is asking for?

15 Q Well, let me ask you differently.

16 A I'm not understanding.

17 Q Yeah, yeah, that's okay. So I'll
18 reask it.

19 What is this address being used
20 for? Why is the address in this document to
21 begin with?

22 A During the life of the
23 investigation, there were many different
24 address changes for Louise Blouin and all of
25 her entities, including Art Now, LBM. I

↑

118

1 ROUGH DRAFT - FEBRUARY 10, 2023
2 believe there was 165 Charles Street LLC,
3 Aberdeen, and they all bounced around and
4 you could see in my history I walked from --
5 take you on a tour, take an hour to do the

6 loop downtown.

7 And every one, they all ended up
8 being vacated. In one case, I think the 80
9 Broad Street, she was evicted, then she paid
10 her -- paid her back rent and moved over to
11 77 Water Street, but in between there she put
12 in an address change to 376 Gin Lane for LBM
13 Inc. I've got the envelope.

14 MR. MURPHY: Those were Art Now,
15 isn't it?

16 THE WITNESS: Was it Art Now?
17 It's one of those two. But anyway,
18 that's how -- that's one of the reason,
19 like, whoa, this is now the mailing
20 address. And then when I sent it out
21 to get mailed, they change it to
22 77 Water Street. So this woman changed
23 addresses from 601 26th Street, to
24 what, five, six different addresses for
25 various reasons.

↑

2 So the only address that I knew
3 for sure that I could rely on that was
4 not an address that was not as a tenant
5 of a building that is subject to being
6 evicted or just moving for reason of,
7 you know, unsuitability, was that
8 address that was, for all intent and
9 purposes, Louise Blouin's property.
10 Whether she's the director or owner or
11 whatever name you want to call it.

12 (Whereupon,
13 Description
14 were/was marked as
15 Party for
16 identification, as of this date.)

17 Q I'm showing you what we've marked
18 as your deposition Exhibit 12.

19 Do you see that?

20 A Yes, sir.

21 Q What is that?

22 A That is a letter 1153.

23 Q Got it. What is it trying to do?

24 A It's self-explanatory in the body
25 of the letter. Without reading it, it is a

↑

120

1 ROUGH DRAFT - FEBRUARY 10, 2023

2 proposal for the assessment of liabilities

3 covered under IRC Section 6672, also known

4 as the trust fund recovery penalty.

5 Q And you sent the same letter in
6 regard to Louise Blouin Media, too, correct?

7 A Yes.

8 Q And they were both addressed the
9 same way, right?

10 A They looked similar to this.

11 Q And the address on it was the
12 same, which is 3663-76 Gin Lane, correct?

13 A Yes.

14 Q And did you come to realize --
15 this letter was returned, right?

16 A The letter was returned.

17 Q And it was returned, as you can
18 see, as undeliverable, right?

19 A Yes.

20 Q And just so we know how this
21 letter kind of operates is, is the IRS uses
22 envelopes with windows in them, right?

23 A In this case it did.

24 Q And there are different types of
25 envelopes with windows. Sometimes you fold

↑

121

1 ROUGH DRAFT - FEBRUARY 10, 2023
2 them in half and it will show through one
3 window; you trifold it, it shows through
4 another window. You get what I mean, right?

5 A Yes.

6 Q Okay. And this is a trifold
7 letter, correct?

8 A Yes, sir.

9 Q And the window, is -- the window
10 will show through it the address that's on
11 the letter so someone doesn't have to go
12 through and write the letter, right?

13 A Yes.

14 Q What's manually done is you also
15 have a green card, right, that you attach to
16 the letter?

17 A Yes, sir.

18 Q And you hope to get that green

19 card back signed so that you can prove that
20 the person you sent to received it, right?

21 A Exactly.

22 Q And in regard to this letter, it
23 got returned as undeliverable, right?

24 A Yes, sir.

25 Q And there is no explanation

↑

122

1 ROUGH DRAFT - FEBRUARY 10, 2023

2 regarding why the letter was returned
3 undelivered except it says, Return to
4 center. Undeliverable as addressed. Unable
5 to forward.

6 Isn't that what the post office
7 said to you?

8 A If it's there --

9 Q Oh, did I not give it to you?

10 A No. I know exactly what you're
11 talking about.

12 Q It's right in front of you.

13 A No, I looked at the letter as
14 recently as about a month ago, maybe not

15 even, maybe less, yes. And that is correct.

16 Q And when you got it back, you
17 wrote the address on the envelope; isn't
18 that what you did?

19 A For Art Now, I did.

20 Q Okay. And you wrote it after it
21 already came back to you?

22 A Yes, I did.

23 Q And you wrote that address
24 differently than what the letter's addressed
25 to; isn't that correct?

↑

123

1 ROUGH DRAFT - FEBRUARY 10, 2023

2 A Are you referring to the line on
3 the bottom in blue?

4 Q I'm referring to Exhibit No. 12 --

5 A Okay.

6 Q -- the first page.

7 A Let me take a look at it.

8 Q The first page.

9 A Okay, yeah --

10 Q And the address that shows through

11 the window to direct the mailman where to
12 deliver it is 366376 Gin Lane, correct?

13 A The numbers do run into each
14 other.

15 Q And did you make a determination
16 as to why the letter was returned to the IRS
17 as undeliverable?

18 A I considered the possibility that
19 nobody was there to receive it. As far as,
20 as addressed, I could assume that perhaps
21 the mail carrier looked at that address and
22 said, I don't know a 366376 Gin Lane.
23 That's within the realm of possibility, yes.

24 Q In fact, today when I'm pointing
25 that out to you is actually the first time

↑

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1 ROUGH DRAFT - FEBRUARY 10, 2023

2 you thought about why it wasn't delivered,
3 correct, in the way I said?

4 A Well, I looked at both letters
5 because there's one for LBM Inc. too, and if
6 you look at that one, you'll see that the

7 mail delivery response was different than

8 Art Now.

9 Q Okay. And we'll see that.

10 A And also, if I might direct your
11 attention, if you look at the green card,
12 any mail carrier could have turned over and
13 seen that the address was a little bit
14 more -- no, no, this one said Southampton
15 too.

16 Q Yeah. So I'm not here to
17 criticize postal workers, but --

18 A But the ZIP code was right.

19 Q Right. And, again, I don't want
20 to criticize our fine postal workers because
21 I think they do a great job, as I believe
22 the IRS does.

23 A I'm not here for -- yeah.

24 Q But the reason why you were
25 sending this letter is in order to advise,

↑

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1 ROUGH DRAFT - FEBRUARY 10, 2023

2 as you're required to do, the responsible

3 party of the IRS's intention to impose the

4 TR --

5 A TFRP.

6 Q -- TFRP penalties, correct?

7 A Correct.

8 Q And moreover, you sent -- and

9 that's why you mailed this letter, right?

10 A Yes, sir.

11 Q And that's why you mailed the

12 letter to Louise Blouin in regard to Louise

13 Blouin Media, right?

14 A Both the letters were sent for the

15 same purpose.

16 Q And they both came back?

17 A They both came back at different

18 times.

19 Q And you didn't resend them, did

20 you?

21 A No, I did not.

22 Q And you didn't notice that the

23 house number on the letters was not correct

24 on either letter, correct?

25 A I did notice that they ran

↑

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1 ROUGH DRAFT - FEBRUARY 10, 2023

2 together, that's why I put the line in
3 between the two.

4 Q Did you do that before or after
5 you mailed the letter?

6 A What do you have there? Is this
7 on the mail?

8 Q I can tell you that, on every
9 single one that I have, there's a cross
10 through the two numbers.

11 A So, yes, this went on before I put
12 it in the trifold letter.

13 Q You're not using, like, an
14 automatic printer with a fold machine and
15 that does your mass mailings and you --

16 A No, I manually put this in.

17 Q And did you get any stamp from the
18 post office to represent that you had sent
19 the letter out by a certified mail?

20 A Yes, it was the -- I believe --
21 well, it's the other portion on the
22 second-to-last page here where you see the
23 green thing here that was the certificate

24 that we paid the postage on it.

25 Q And did you walk that to the post

↑

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1 ROUGH DRAFT - FEBRUARY 10, 2023

2 office to do that?

3 A No, I dropped it in my mail drop.

4 Q And tell me where your mail drop
5 is.

6 A It would have been in a box on the
7 floor of 290 Broadway, Sixth floor.

8 Q And do you actually know how it
9 gets from 290 Broadway, Sixth Floor, or do
10 you just rely upon them to do it?

11 A No, I know the mailroom process,
12 too.

13 Q All right. And is that your
14 handwriting on the U.S. Postal Service
15 Certified Mail receipt?

16 A That is mine.

17 Q And besides the two notices, one
18 in regard to Art Now Inc and the other in
19 regard to Louise Blouin Media, did you send

20 any other notices regarding the possible

21 imposition of the TFRP on Ms. Blouin?

22 A Prior to the assessment, no.

23 These are the only two notices.

24 Q And to the best of your knowledge,

25 neither one of the notices were delivered;

↑

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1 ROUGH DRAFT - FEBRUARY 10, 2023

2 is that right?

3 A I -- I'm having a tough time

4 understanding what the postal service meant

5 when they returned these, because if you

6 look at the one for Louise -- LBM Inc. which

7 I see you haven't entered in as --

8 (Discussion held off the record.)

9 (Whereupon, at time , a

10 recess was taken to time

11)

12 (The proceeding resumed with all

13 parties present.)

14 (Whereupon,

15 Description

16 were/was marked as
17 Party for
18 identification, as of this date.)

19 Q I'm showing you what we marked as
20 your Deposition No. 13. This is the letter
21 that is similar. It's 1153 letter, right?
22 I'm learning all your terminology. But this
23 is the one that was sent to Ms. Blouin for
24 Louise Blouin Media Inc., correct?

25 A Yes, sir.

↑

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1 ROUGH DRAFT - FEBRUARY 10, 2023

2 Q And it's addressed the same,
3 366376.

4 A Yes, sir.

5 Q And it has -- also it was returned
6 as undeliverable, right?

7 A Yes. But not in the same context
8 as the Art Now.

9 Q Okay. What is -- I mean, I can't
10 read what it says, so what do you think it
11 says?

12 A Well, having the benefit of having
13 had access to the original before I produced
14 the document, it says -- when it says,
15 Returned to, under there it -- in the
16 beginning, before that IRS sticker, it says,
17 Unclaimed, unable to forward. Unclaimed,
18 which means an attempt -- this certifies an
19 attempt was made to deliver the envelope to
20 that address.

21 Q Okay. And at the time you sent
22 this letter, these two letters, both Exhibit
23 12 and 13, you knew that Louise Blouin was a
24 Canadian citizen, correct?

25 A Yes.

↑

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1 ROUGH DRAFT - FEBRUARY 10, 2023

2 Q You knew that she did not live in
3 the United States, correct?

4 A Yes.

5 Q You knew that she either had her
6 residence in Switzerland or the United
7 Kingdom, correct?

8 A Yes.

9 Q Okay. You didn't undertake any
10 investigation to determine her address in
11 either Switzerland or the United Kingdom,
12 did you?

13 A I had no one to ask what her
14 actual address was.

15 Q Okay. But here in United States,
16 you can run an ^ Accurate report, correct?

17 A I did run it.

18 Q Okay, you did run it?

19 A That was part of the evidence.

20 Q And that will pull up information
21 that, as you know, that coordinate people
22 with certain locations, correct?

23 A ^ Accurate, despite its title, ^

24 --

25 Q Yeah, I agree.

↑

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1 ROUGH DRAFT - FEBRUARY 10, 2023

2 A -- is not as accurate. And it

3 really can't be used as a source of

4 information to change someone's address to
5 mail IRS notices such as this.

6 Q Okay. So you're required under
7 the code to send notices of the type of the
8 1153 letter to a person's last known
9 address, correct?

10 A Exactly.

11 Q And you've been out to the house
12 before you mailed this notice, right,
13 because you were doing your investigation?

14 A No, I did not.

15 Q When you went out to the house,
16 did you find anybody home?

17 A Okay. No, I didn't. But I went
18 out to the house in an effort to collect the
19 assessments. So there was a significant
20 period of time that had elapsed, I think
21 maybe a year.

22 Q Okay. And there are methods. In
23 fact, I saw either you or one of your
24 counterparts in one of the notes saying that
25 they had -- and maybe I can find it for you,

1 ROUGH DRAFT - FEBRUARY 10, 2023

2 but you may recall it -- had contacted their
3 counterpart with the name of the person to
4 investigate certain addresses over there,
5 right?

6 A The question is worded too
7 vaguely; I don't know what you're asking
8 for.

9 Q Well, didn't someone who was a
10 revenue officer contact in Europe, the
11 counterpart -- I'm using the word that's in
12 the note -- to investigate certain
13 addresses?

14 A Where, might I ask, are you
15 getting this information?

16 Q I might be able to find it.

17 A Because that, you've got me
18 stumped on that.

19 Q Well, is there a way that you can
20 find someone's last known address in Europe
21 if you wanted to?

22 A I will actually answer the
23 question that you're ultimately going to get
24 to. Why didn't I. A --

25 Q No, first answer my question is,

↑

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1 ROUGH DRAFT - FEBRUARY 10, 2023

2 aren't there ways to locate people in
3 Europe?

4 A There is an international unit,
5 and it depends upon what country has a
6 treaty with us that will allow us to operate
7 or carry out certain functions in their
8 country. Like Greece, forget about it. I
9 don't know what Switzerland was. UK, I
10 would imagine, yes.

11 Q And what efforts did you take to
12 locate a last known address for Ms. Blouin
13 who you knew was a Canadian citizen living
14 in Europe?

15 A I didn't have to. The last known
16 address is 366376 Gin Lane.

17 Q But you never confirmed that she
18 actually lived there, right?

19 A That was her last best confirmed
20 address of a U.S.-based interest that she

21 owned. I knew that wasn't going to change.
22 And that is all I was required. I was not
23 required to go overseas and send whatever
24 agent that may be allowed to walk around the
25 streets of a foreign country to start

↑

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1 ROUGH DRAFT - FEBRUARY 10, 2023

2 knocking on doors.

3 Q No, I don't think agree with that;
4 I think you were required.

5 A No, sir. You show me in the
6 manual where it's required, and I will
7 change the response to this question.

8 Q And you spoke about a manual, what
9 manual are you speaking of?

10 A Internal Revenue Manual, IRM for
11 short.

12 Q And did you produce that?

13 A It's official use only. I don't
14 believe I can provide the IRM, that you
15 would have to go through some other
16 disclosure process to get access to that. I

17 don't walk with one in my back pocket -- I
18 mean, they do have them online.

19 Q Accessible to me?

20 MR. MURPHY: IRM is on the
21 Internet, yeah.

22 MR. MESSINGER: Okay. I guess I
23 should have known that before I got out
24 here, huh? Oh, well.

25 Q Now, at some point, you determined

↑

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1 ROUGH DRAFT - FEBRUARY 10, 2023
2 to recommend that TFTR penalties -- it's not
3 actually penalties, it's TPRP -- should be
4 imposed or notified Ms. Blouin that they
5 should be imposed against her, correct?

6 A I correct your terminology;
7 assessed. It's two processes. This letter
8 proposes --

9 Q Yeah.

10 A -- failure to respond in a timely
11 fashion results in assessment.

12 Q Okay. So what happened is, after

13 the March -- or sorry, the July 10, 2018,
14 letter went out, 45 days passed, and then
15 they were imposed; is that fair?

16 A Yes. Actually, it's 65 days.

17 Q Did you allow for some
18 back-and-forth?

19 A Well, actually, the IRM specifies
20 60 days, but we allow five days for mailing.

21 Q Okay. And your investigation, you
22 wrote a memo, right? You wrote a big long
23 memo about your investigation, right?

24 MR. MURPHY: Are you talking about
25 the TFRP?

↑

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1 ROUGH DRAFT - FEBRUARY 10, 2023

2 A Are you talking about the TFRP?

3 Q Yeah, yeah.

4 A There are a lot of memos.

5 Q There's a memo that's prepared for
6 someone to review before the TFRP is --

7 A No, there is not.

8 Q Okay. Well, what was the memo

9 that you wrote -- and, frankly, it's been
10 redacted.

11 A Okay. Now you're going into -- is
12 that the file for Louise Blouin?

13 Q Yes.

14 A That's after the penalty was
15 assessed, and the memo you're referring
16 to -- I hope you don't mind me volunteering
17 stuff. We want to get to it.

18 This is a memo recommending
19 approval to file the nominee lien.

20 Q I got you. I got you. That is
21 what I meant to say.

22 So after the assessment is
23 approved, now you're looking for -- after
24 the assessment is imposed --

25 A Assessed.

↑

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1 ROUGH DRAFT - FEBRUARY 10, 2023

2 MR. MURPHY: After the assessment
3 is made.

4 Q After the assessment is made --

5 thank you -- you're now looking to collect
6 on it, right?

7 A Yes, sir.

8 Q And one of the ways the IRS may
9 try to check on it is by searching for
10 information that links certain property,
11 companies, other people, to the person that
12 has been assessed, right?

13 A We look for assets on which to
14 effect collection is how I would put it.

15 Q And first of all, why is this
16 redacted, this memo that you wrote?

17 A Attorney/client privilege.

18 MR. MURPHY: The redaction was
19 done by me, so I can direct you to the
20 privilege log entry.

21 Q So when you wrote the memo, it
22 hadn't yet been determined yet whether you
23 could proceed against Brickchurch as
24 nominee, correct?

25 A Correct.

1 ROUGH DRAFT - FEBRUARY 10, 2023

2 Q Okay. And you were actually
3 considering two companies to impose nominee
4 liability against for the penalties imposed
5 against Ms. Blouin, correct?

6 A If you mean file a nominee lien,
7 yes.

8 Q One company was a Delaware
9 corporation called Brickchurch Enterprises
10 Inc., correct?

11 A Correct.

12 Q The other company was -- and I
13 know about the recent filings, don't
14 worry -- but the other company was called
15 Aberdeen Enterprises Holdings BVI Limited,
16 correct?

17 A I did request filing a nominee
18 lien on that.

19 Q Okay. And why did you ask for
20 authority to file it against Aberdeen
21 Enterprises Holdings BVI Limited?

22 A Because I thought Aberdeen Holding
23 BVI was owner of the property of 366, right?
24 Yeah, Brickchurch is 376?

25 Q No, it's the other way.

↑

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1 ROUGH DRAFT - FEBRUARY 10, 2023

2 A Okay. Got it.

3 Q So you thought through your
4 research that the company I'm going to call
5 it the holding company, the BVI holding
6 company, was the owner the 376 Gin Lane?

7 A Right.

8 Q And you figured that out how?

9 A To be honest, I confused the
10 two -- there are three Aberdeens.

11 Q I know that?

12 A Three layers of Aberdeen, and they
13 all end up at Louise Blouin, and I when I
14 summonsed for information from Mazars for
15 her, you know, accounting stuff, it became
16 clear to me that Aberdeen was owner of, you
17 know, that property vis-a-vis through
18 Aberdeen Enterprises.

19 Q So here's what has transpired
20 since, okay. You filed a federal tax lien
21 against the property for Aberdeen Holding --

22 Aberdeen Holdings BVI Limited. And you now
23 recently, I think you know, filed another
24 lien, federal tax lien seeking the same
25 stuff against Aberdeen Enterprises Inc.; is

↑

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1 ROUGH DRAFT - FEBRUARY 10, 2023

2 that right?

3 A Correct.

4 Q Did you withdraw the ones against
5 Holdings?

6 A No, I did not.

7 Q Why not?

8 A Because I established the fact
9 that Aberdeen Holdings BVI is also a nominee
10 of Louise Blouin, as well as all three of
11 those Aberdeens, they're all her.

12 Q Okay. But be that as it may --

13 A At least that's the conclusion I
14 draw. And then I had gotten counsel
15 approval to file it on Aberdeen BVI.

16 Q True or false, right? You'll love
17 this question. The reason why you filed

18 against -- in the clerk's office of Suffolk
19 County is you because you believe you're
20 creating a lien against the property, right?

21 A Yes, I am.

22 Q And in order to file a federal tax
23 lien, you have to name the owner of the
24 property; isn't that correct?

25 A Actually, I have to identify the

↑

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1 ROUGH DRAFT - FEBRUARY 10, 2023

2 taxpayer.

3 Q Okay?

4 A I don't necessary file a lien just
5 specifically against the property. It
6 depends on what the entity is. Usually, if
7 it's a business, you would file that lien
8 with the Secretary of State of New York,
9 right, unless you know that there's property
10 that that company has an interest. Now,
11 true, I mistook the fact that Aberdeen
12 Enterprises and Aberdeen Enterprises BVI
13 Inc., because there were a lot of Aberdeens

14 for me to weed through, yet I had evidence
15 to show that Louise Blouin was Aberdeen BVI,
16 and at the end of the day, there is title --
17 or at least some -- because Aberdeen is --
18 Enterprises is owned by Aberdeen BVI, the
19 next on the list. You have a chart right
20 there, actually.

21 Q Actually, the chart would reveal
22 that that's not correct either. And we'll
23 look at the chart.

24 A Okay.

25 Q But I want to first talk to you

↑

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1 ROUGH DRAFT - FEBRUARY 10, 2023
2 about, do you agree that filing the federal
3 tax lien against Aberdeen Enterprises
4 Holdings BVI Limited was an error, and
5 that's why you filed these new liens?

6 A I'm not going to call it an error.
7 I'm going to call it, it wasn't as precise
8 as it could be, because Aberdeen BVI, by
9 having the lien on file, clouds the title to

10 that property just in case the taxpayer
11 chooses to refinance it or sell it.

12 Q Okay. But you now have two liens
13 filed against one property, and is that
14 appropriate?

15 A It does not necessarily mean that
16 we are going to collect the liability twice,
17 so, no.

18 Q But you've clouded the title,
19 correct?

20 A Correct.

21 Q And you're clouding the title
22 because --

23 A I want full payment of the
24 liability.

25 Q No, I understand that. Did

↑

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1 ROUGH DRAFT - FEBRUARY 10, 2023
2 there's laws about this, right? The reason
3 why you thought you meant to name the owner
4 of the property when you filed the original
5 tax lien, correct?

6 A It was property specific.

7 Q And you named the wrong owner in
8 that lien, correct?

9 Let me ask you this question. I
10 know the names are similar, right?

11 A Um-hmm.

12 Q Do you think you can effectuate a
13 federal tax lien by filing a tax lien much
14 the way you did with a proper property
15 address but name Brett Messenger as the
16 owner of the property?

17 A You kind of threw me for a loop by
18 throwing your name into this. Could you
19 rephrase the question, please?

20 Q Yeah, I will. Could you name
21 Mr. Murphy, Edward Murphy as the owner of a
22 property filed against the property with
23 that property description. Could you do
24 that? Does it matter what the name is?

25 A Yes, it does matter.

↑

2 Q And the reason why it matters is
3 because part of the federal tax lien, you
4 need to file it against the owner of the
5 property, right?

6 MR. MURPHY: I'm going to object
7 this calls For a legal analysis.

8 MR. MESSINGER: But he files them.

9 MR. MURPHY: The law will be
10 whatever it is. You can make your
11 arguments on the record.

12 Q What's the answer.

13 A I don't have an answer for you.
14 Can I say that?

15 Q You can say you don't know the
16 answer.

17 A I don't know the answer to your
18 question.

19 Q Okay.

20 (Whereupon,
21 Description
22 were/was marked as
23 Party for
24 identification, as of this date.)

25 Q I'm showing you what we marked as

↑

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1 ROUGH DRAFT - FEBRUARY 10, 2023

2 your deposition Exhibit No. 14.

3 Do you have it in front of you?

4 A Yes, sir.

5 Q Okay. So we talked about the memo
6 that you drafted that is privileged
7 according to your counsel. The memo set
8 forth -- don't tell me what's in it because
9 he asserts privilege -- the reasons why you
10 believe that Aberdeen Holdings and
11 Brickchurch Enterprises were the alter ego
12 of Louise Blouin, got it?

13 A That's incorrect. Nominee.

14 Q What I did say?

15 A Alter ego.

16 Q You don't claim that it's the
17 alter ego, you claim the nominee? You're
18 nodding yes.

19 A Yes. I'm sorry.

20 MR. MURPHY: The memo was only
21 about the nominee.

22 Q And do you claim that there is any

23 alter ego liability on behalf of any entity
24 called Brickchurch, any entity called
25 Aberdeen for Louise Blouin?

↑

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1 ROUGH DRAFT - FEBRUARY 10, 2023

2 A In that memo, I did not.

3 Q Okay. What about today, as you're
4 sitting here today?

5 A Yes. Because of the subsequent
6 alter ego liens that I filed that I gave
7 notice to your partner, Tom Ostrander?

8 Q Yeah, he said you're a really nice
9 guy by the way.

10 A Don't let anybody know that. So,
11 yeah, there you go. I did come to that
12 conclusion, alter ego.

13 Q And did you write a memo on that
14 too?

15 A No, I did not.

16 Q And what do you base the alter ego
17 on?

18 A Advice of counsel.

19 Q Okay. Did you do any further
20 investigation.

21 A I didn't need to; advice of
22 counsel.

23 Q So in regard to the -- attached to
24 the memo was a number of exhibits, right?
25 You're shaking your head.

↑

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1 ROUGH DRAFT - FEBRUARY 10, 2023

2 A Yes, sir.

3 Q Okay. And the exhibits that were
4 attached to your memo was your evidence that
5 Brickchurch and Aberdeen should be treated
6 as the nominee of Louise Blouin, correct?

7 A Yes, sir.

8 Q And do you agree that Exhibit 14
9 are those exhibits?

10 A My cursory glance through without
11 going through every page if you'd like me
12 to. Should I go through every page?
13 Should --

14 THE WITNESS: I ask my counsel,

15 should I go through every page?

16 MR. MURPHY: If that's what he
17 wants you to do.

18 Q If you want to. I will tell you
19 this, that I printed them out as they were
20 produced.

21 MR. MURPHY: Exhibit A through R
22 that I sent to you?

23 MR. MESSINGER: Yeah, you did.
24 You actually had them bookmarked.

25 MR. MURPHY: Oh, okay.

↑

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1 ROUGH DRAFT - FEBRUARY 10, 2023

2 A I have to go with advice of
3 counsel.

4 Q Yeah.

5 A I don't have any reason to believe
6 you would leave anything out, so, yes, these
7 look familiar.

8 Q Okay. First one is a private
9 corporate structure, you see that, right?

10 A Yes.

11 Q And this is something you created,
12 right?

13 A No, I got this from Mazars.

14 Q Okay. And by the way, there's
15 nothing -- in your view, there's nothing
16 wrong with people having single asset
17 entities, right?

18 A If it's provided for in the law,
19 no.

20 Q And not everybody who has -- I
21 meant to single purpose entity. Not
22 everybody who has a single purpose entity is
23 avoiding, illegally, tax liability, right?

24 A Not everybody is, thankfully.

25 Q Okay. And so long as it's allowed

↑

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1 ROUGH DRAFT - FEBRUARY 10, 2023
2 under the law, the IRS doesn't have any
3 objection to it, so long as there is no law
4 violated, right?

5 A You are correct.

6 Q Can't use them to avoid the

7 payment of taxes that are due and the like,
8 right?

9 A That sounds like a universal
10 statement here. I can't agree with a
11 universal statement. Every taxpayer
12 operates their single purpose entity
13 differently. In this case, I did not see
14 this being operated as a single purpose.

15 Q Now, let's just talk about a
16 couple of things in regard to nominee
17 liability, okay?

18 One of the things that the IRS is
19 trying to determine is whether certain
20 property has been transferred from the
21 liable party to an entity in order to avoid
22 tax liability?

23 A Is that the case here?

24 Q I'm just asking, it's not one of
25 the things you're looking for.

↑

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1 ROUGH DRAFT - FEBRUARY 10, 2023

2 A In this case, no. The property

3 stayed right where it was at.

4 Q In fact, you learned from your
5 investigation that the property has been
6 titled the same way for about ten years
7 prior to any liability being imposed against
8 Art Now or Louise Blouin; isn't that right?

9 A I agree.

10 Q And moreover is, there seems to be
11 another lapse of approximately 18 years from
12 the time that the property was titled into
13 Brickchurch Enterprises Inc. and Aberdeen
14 Enterprises Inc. before the IRS even tried
15 to assess any liability against Louise
16 Blouin.

17 Do you agree with that?

18 A Yes, I do.

19 Q And there was never any finding on
20 your behalf that the property was placed in
21 either Brickchurch's or Aberdeen's name in
22 anticipation of any lawsuit or claim by the
23 IRS; isn't that right?

24 A Yeah.

25 Q Okay. And there are no allegation

↑

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1 ROUGH DRAFT - FEBRUARY 10, 2023

2 that any of the deeds to the property were
3 not recorded in the public regard; isn't
4 that correct?

5 A Absolutely correct.

6 Q And, in fact, there's no
7 allegation or no discovery during your
8 investigation that Louise Blouin actually
9 ever owned these properties or was the
10 titled owner to these properties; is that
11 correct?

12 A Well, the documents that I
13 discovered that she signed all of the
14 pertinent things with respect to returns and
15 directing, you know, the financial
16 management of those properties, so she was,
17 obviously --

18 Q I'm just going through the
19 elements.

20 A Because -- because wait. I've got
21 to stop you, because the line of questioning
22 that you led up to just to that last one
23 when were you saying long before the

24 liabilities of Art Now and LBM Inc., the
25 scenario you were describing is a transferee

↑

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1 ROUGH DRAFT - FEBRUARY 10, 2023

2 liability, which places things beyond reach
3 of the government in anticipate of a
4 liability, which you alluded to, didn't
5 exist at the time that she owed it, and
6 that's not the scenario that I was trying to
7 establish here, so that line of question
8 is -- is wrong.

9 Q Okay. Well, it's not wrong, and
10 I'm going to ask the questions in the way I
11 want.

12 A Yes, sir.

13 Q I've done --

14 A I'm just clarifying.

15 Q -- that your counsel did also is,
16 I also researched the law.

17 A I'd love to see the code. Show
18 me, please.

19 Q Well, it's in cases interpreting

20 code.

21 A Oh, okay. Continue, please,
22 Counselor.

23 Q Did you find that Brickchurch or
24 Aberdeen, when the property was originally
25 transferred to them, that there was lack of

↑

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1 ROUGH DRAFT - FEBRUARY 10, 2023
2 consideration or any enumeration paid for
3 the properties?

4 A Well, Aberdeen was the original
5 owner of both properties. It was one lot.
6 And they granted for no consideration the
7 property be split in two between 376 and
8 366, even though the physical boundaries of
9 the property really are two houses on one
10 lot.

11 Q Yeah. So but during your
12 investigation, did you determine why that
13 might have been done?

14 A No. I didn't really see a need
15 for it. I saw it as one piece of property

16 that was ultimately owned by Louise Blouin,
17 irrespective of the -- and I'll use the word
18 "sham entities" that she used to at least
19 hold them here in the United States without
20 the benefit of any other tax ID number, much
21 like her private companies, LBM Inc., Art
22 Now, and some of these other alphabet letter
23 entities that are still floating out to
24 there that I did poke into too. So I looked
25 at this in a much broader term.

↑

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1 ROUGH DRAFT - FEBRUARY 10, 2023

2 Q So you got the information from a
3 subpoena from Louise -- Ms. Blouin's
4 accountant Marza or whoever, correct?

5 A Mazars, yeah.

6 Q Okay, Mazars. And they produced
7 to you a corporate structure --

8 A Yes.

9 Q This right here.

10 A Sorry.

11 Q And you came to learn that Louise

12 Blouin owns a holding company in the British
13 Virgin Islands, correct?

14 A Aberdeen Enterprises Holdings BVI.

15 Q Okay. And you learned that that
16 holding company had three other companies,
17 correct, in the British Virgin Islands,
18 right?

19 A Yes.

20 Q Correct?

21 A Yes, sir.

22 Q And that each of those three
23 British Virgin Island companies owned
24 various corporations that then owned three
25 different pieces of property, right?

↑

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1 ROUGH DRAFT - FEBRUARY 10, 2023

2 A Yes.

3 Q And anything unusual about --
4 illegal or unusual or anything about that
5 that's illegal?

6 A When I started reading the emails
7 back-and-forth between Mazars, it became

8 evident to me that the accountants were
9 having a tough time explaining the
10 relationship, and they were the ones who
11 came up with this chart so that they could
12 file returns so that they could get current
13 on the unfiled returns, for at least
14 Aberdeen, I believe it was BVI, right?

15 Q Um-hmm.

16 A And Aberdeen here so they could
17 sell the 165 Charles Street.

18 Q Right.

19 A So they ended up having to, much
20 as in the case of Brickchurch where they had
21 unfiled returns at the time they were trying
22 to enter into a financing agreement, they
23 had to get current on those returns that
24 they filed. And they suddenly were all
25 filed on the same day.

↑

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1 ROUGH DRAFT - FEBRUARY 10, 2023

2 Q Okay. Well, that's what you want
3 them to do, right?

4 A And by the way, this is, when I
5 did my research on, you know, these various
6 entities, I saw the same pattern. You see,
7 you know, you're trying to box me into a
8 very narrow, defined scope of investigation,
9 when I was looking -- I was looking at
10 patterns and habits that all of Louise
11 Blouin's entities exhibited. And I found
12 commonalties in all of them. And that too
13 went into my calculation to determine that
14 these were all nominees of her.

15 Q Okay.

16 So, just moving on here. The next
17 exhibit that you had in your memo was, you
18 searched the clerk's office for reported
19 deeds involving -- I don't know what
20 property this is, but I think it's 366 Gin
21 Lane; is that right?

22 A Let me see where you're at. Is it
23 fairly on the top here?

24 Q It's actually on the second page
25 of the exhibit.

1 ROUGH DRAFT - FEBRUARY 10, 2023

2 A Got it. This one.

3 Q And then you pulled all the deeds,
4 right, and you also pulled the mortgage,
5 right?

6 A I pulled the ones that I could.
7 The original deed for Aberdeen wasn't on the
8 system.

9 Q Oh, really.

10 A I didn't see it.

11 Q Okay.

12 A So the earliest one I pulled was
13 for the Brickchurch Enterprises, where it
14 says grantor or grantee, and that was when
15 they granted the easement between the two.

16 Q Okay?

17 A And from there, I just deduced
18 that Aberdeen was the original owner of the
19 property.

20 Q And you just got the -- you got
21 the wrong Aberdeen property?

22 A Well, the way the records were,
23 they were incomplete too, because, you know,
24 there were Aberdeen Enterprises and well,

25 here you have Brickchurch Enterprises Inc.,

↑

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1 ROUGH DRAFT - FEBRUARY 10, 2023

2 Aberdeen Enterprises Inc., but now you're
3 telling me Brickchurch is DE, and then
4 suddenly we learn Aberdeen is DE. So the
5 names kept changing, really, to make things
6 confusing. Now I don't know whether that
7 was done purposefully or whether it was just
8 poor management of their property and losing
9 track of their names.

10 Q Okay. So when we look at the deed
11 from Aberdeen Enterprises Inc., the one that
12 you had, right?

13 A Um-hmm.

14 Q The one that's dated August 23,
15 2000.

16 Do you see that?

17 A Yes, sir.

18 Q Okay. And it says Aberdeen
19 Enterprises Inc., right?

20 A Yes, sir.

21 Q And it says to Brickchurch

22 Enterprises Inc., right?

23 A Um-hmm.

24 Q And that's how 366 gets to be

25 owned by Brickchurch, right?

↑

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1 ROUGH DRAFT - FEBRUARY 10, 2023

2 A Agree.

3 Q Okay .is there anything that's
4 unsound about or made you believe from this
5 deed that Aberdeen Enterprises Inc. was not
6 the prior owner of that property?

7 A Nope.

8 Q Okay. And did you also -- you
9 also got from, as another one of your
10 exhibits if you keep paging through, is that
11 you got from the accountant's information
12 regarding the identity historically of the
13 directors of Aberdeen Enterprises Holdings
14 BVI Limited, right?

15 A Yes, I see that.

16 Q And did that identify Louise

17 Blouin as being even a director of Aberdeen

18 Enterprises Holdings BVI Limited?

19 A The first three resigned.

20 Q Right.

21 A And they resigned, obviously,

22 because they were investors, you know,

23 Morgan Trust Company, so they probably had

24 some fiscal financing agreement in there and

25 requested that they be listed as directors.

↑

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1 ROUGH DRAFT - FEBRUARY 10, 2023

2 Matthew A. Kabatoff is Louise's husband.

3 Q Right.

4 A And I also found out when Matthew

5 was her state-side representative for, you

6 know, the transactions, especially during

7 the sales of the Charles Street apartment,

8 he was the one who came in her behalf to

9 sign the returns and to, you know, make sure

10 the sale went through and, you know, act as

11 her agent.

12 Q Did you talk to him?

13 A No. He wasn't in the country.

14 Q Okay. He's also not a U.S.

15 citizen, correct?

16 A He's Canadian if I'm not mistaken.

17 Q You're not mistaken.

18 A But he was educated in California;

19 he went to the University of --

20 Q A lot of the Canadians come

21 through the great United States.

22 A There's no harm in it. No law

23 against Canadians.

24 Q We love our brothers up to the

25 north.

↑

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1 ROUGH DRAFT - FEBRUARY 10, 2023

2 Anyway, please. I'm sorry. I

3 didn't mean to slow this down.

4 Okay. And then you also had -- if

5 you go a few more pages, you have Aberdeen

6 Enterprise Holdings BVI, and then the -- you

7 had this before you -- when did you get

8 this?

9 A This?

10 Q Yeah.

11 A I got this from Mazars as well.

12 Q Okay?

13 A And if you'll notice MTV Clients

14 Limited, and they were all canceled, and as

15 of 2003, Louise Blouin is the only member.

16 Q Okay.

17 A So, summation, these two

18 documents, it was, like, her and her

19 husband.

20 Q Right. Well, one is a list of the

21 directors, correct?

22 A Right.

23 Q And one is a listing of the

24 members, correct?

25 A Correct.

↑

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1 ROUGH DRAFT - FEBRUARY 10, 2023

2 Q And the corporate structure that

3 you got showed the same thing.

4 A Where is Matt Kabatoff's name on

5 that?

6 Q Well, that's not a director's
7 list; that's an ownership list, right?

8 A I'm not sure if I agree with you,
9 but I will say okay.

10 Q Okay. Well, do you understand
11 that limited companies in the British Virgin
12 Islands are determined by members, right?

13 A I'm not familiar with law of the
14 British Virgin Islands.

15 Q Let's go to the United States. A
16 LLC, a limited liability company in every
17 United States, in every single state, the
18 owners are called members, right?

19 A Or partners.

20 Q If it's a partnership, correct.

21 A It could be called different
22 things.

23 Q Right. And when you own a
24 corporation, you're a stockholder, right, if
25 you own it?

1 ROUGH DRAFT - FEBRUARY 10, 2023

2 A You can be called a lot of things.
3 Please continue with where you're going with
4 this. I haven't got a question yet, sir.

5 Q What did this stuff so far, the
6 corporate structure and the deed and the
7 membership, what did this all lead you to
8 believe? What's going on here?

9 A Well, I mean, if you're asking me
10 to limit it to just the document you pointed
11 out, I would say there's more information
12 here that I gathered, because the
13 investigation was not just, you know, these
14 pages. It was some of the other evidence.
15 And also patterns that I noticed with
16 respect to the development of LBM Inc. and
17 Art Now.

18 Q Well, we're only talking about the
19 nominee part right now, right? Or are we
20 talking about something different?

21 A No. We're talking about Louise
22 Blouin.

23 Q Okay.

24 A Without her, you take Louise
25 Blouin out of this, there is nothing.

↑

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1 ROUGH DRAFT - FEBRUARY 10, 2023

2 Q Okay. So if you go to the next
3 page, there is an application for employer
4 identification number, right?

5 A All right.

6 Q Do you see that?

7 A Yes, sir.

8 Q This is what the IRS wants done,
9 right, that people apply for identification.

10 A The reason why this was filed is
11 because when Mazars was tasked with
12 preparing the returns for selling the
13 Charles Street property --

14 Q Yeah?

15 A -- Aberdeen Enterprises Holdings
16 BVI had no tax ID number, even though they
17 were the owner, so they were like, oh, wait,
18 we've got to go back and we've got to get a
19 tax ID number to make sure we can file
20 returns and then sell the property.

21 Q But you're suggesting --

22 A No, I'm telling you what this is.

23 Q Listen to my question; you'll see
24 it's different.

25 You are suggesting that there was

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1 ROUGH DRAFT - FEBRUARY 10, 2023

2 a reason for Aberdeen Holdings BVI --

3 Aberdeen Enterprises BVI -- Aberdeen

4 Enterprises Holdings BVI Limited, they don't

5 need a tax identification number until they

6 have to file a tax return, correct? You're

7 shaking your head yes. Are you saying yes?

8 A I'm nodding that I'm hearing you,

9 and I'm formulating my answer.

10 Q Okay.

11 A Obviously, there will be capital

12 gains on the sale of that property. That's

13 the responsibility of a foreign-based

14 withholding agent. I think I have that

15 terminology correctly, of which all of this,

16 you know, endeavor to, you know, own these

17 properties here in the United States ended

18 up being.

19 Q But here -- but that entity that's
20 the holding company in the BVI doesn't need
21 to file tax returns until there's a
22 reason -- there's a taxable reason for it.
23 In other words, we know from the chart that
24 Aberdeen Enterprises Holdings BVI Limited
25 didn't own anything in the United States.

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1 ROUGH DRAFT - FEBRUARY 10, 2023

2 It's sole ownership was in another BVI
3 company; isn't that right?

4 A I do not fully agree with your
5 description of it.

6 Q Okay.

7 A Although, I at present lack the
8 specific legal skills to phrase it any
9 different that would satisfy your inquiry.

10 Q Okay. And then the next thing you
11 have is the 1120. That's an informational
12 return, right?

13 A No. It's an 1120F, meaning it's a

14 foreign entity.

15 Q Okay. And that was filed, right?

16 A Yeah.

17 Q Okay. And was a tax ID number

18 needed to do this, to file it?

19 A If you'll notice --

20 Q It was applied for, right?

21 A It was applied for. This all

22 happened at the same time leading up to the

23 sale of --

24 Q Okay.

25 A -- the 165 Charles Street

↑

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1 ROUGH DRAFT - FEBRUARY 10, 2023

2 property.

3 Q Okay, and --

4 A Because they didn't want to slow

5 down the financing for all of this, so they

6 had to get some returns out there, you know,

7 to say, hey, we got these on file. Let's

8 get the deal done.

9 Q Okay.

10 A Because it takes a little while to
11 process that SS4.

12 Q And keep going through, right --
13 by the way, when did you get these
14 documents?

15 A I got those documents the
16 beginning, I believe, of 2022. It should be
17 in my history.

18 Q Okay. And just kind of paging
19 through this, a lot of tax returns.

20 A And they all say Louise on it.

21 Q Well, they all have her --

22 Well --

23 A ^ Cara Louise, Cara Louise.

24 Q Yeah, but --

25 A Signed by her husband because she

↑

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1 ROUGH DRAFT - FEBRUARY 10, 2023

2 wasn't here in the states --

3 Q Okay.

4 A -- to sign the returns when they
5 were prepared for the deal.

6 Q And you found that suspicious?

7 A I found that as evidence to show
8 that Louise Blouin is -- was using either
9 alter ego or nominee, I choose nominee, to
10 manage her property here. Those properties
11 really belonged to her, not -- and I believe
12 she even admitted it in some court filings,
13 but anyway.

14 Q Okay.

15 MR. MURPHY: Just answer the
16 question.

17 Q You have to have an address,
18 right?

19 A An address for what?

20 Q For your tax returns. You have to
21 put an address on it, right?

22 A I see 376 Gin Lane right here.

23 Q And is it uncommon for
24 companies -- anywhere in the world, or the
25 United States if you prefer -- to have the

↑

2 sole member of that company -- of that
3 company to use their -- an address that
4 might receive mail for them?

5 A That was a vague question. What
6 address are you referring to specifically?
7 Can we be specific?

8 Q The address that's on the tax
9 returns, right? On one return I see --

10 A 376 Gin Lane, okay.

11 Q On another one I see ^ Haus
12 Blauherd Weissenstein in Zermatt, right?
13 But regardless is, I mean, what's wrong with
14 putting an address where mail can be
15 received?

16 A That's nothing wrong with that.

17 Q And then the other thing you got
18 from the accountants is an email chain
19 between Mr. Kabatoff and Mr. Balsam, right?

20 A Yes.

21 Q Why is this so important to make
22 an exhibit to your memo?

23 A Because it just demonstrates who
24 is making the ultimate decisions on how the
25 finances and the -- or the fiscal affairs of

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1 ROUGH DRAFT - FEBRUARY 10, 2023

2 these entities are being managed.

3 Q Okay. And there is another email
4 which appears to be duplicative, but just
5 referencing it, this September -- there's
6 some highlights in it, right? One's the
7 question and the other one's the answer?
8 And is that why you're saying that these
9 email strings are significant, because it
10 shows who is making financial decisions?

11 A Yes, sir, I am.

12 Q Okay. And then there's a letter
13 from Mr. Hryck of Reed Smith, right?

14 A No, actually, he works for Duane
15 Morris.

16 Q I know that, but there's a letter
17 from him.

18 A I want it on the record, please.

19 Q Yes. He works for Duane Morris.

20 A He actually brought Louise Blouin
21 to this firm as a client.

22 Q And tell me why this is

23 significant?

24 A Which?

25 Q Yeah. It's the letter in the

↑

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1 ROUGH DRAFT - FEBRUARY 10, 2023

2 attachment, which is the 8832 entity

3 classification letter.

4 A Single owner elected to be

5 disregarded as a separate entity. To me,

6 this tells me it's Louise Blouin.

7 Q Okay. And then --

8 A I thought that was fairly

9 significant, actually.

10 Q And then after you got to the tax

11 returns, through the tax returns that are

12 attached, you come to an advice statement

13 from Bank of America, correct?

14 A Okay. So we're nearing the end

15 here? Before the --

16 Q Do you see that?

17 A Can you hold the page up that

18 you're looking at? There's a lot of stuff

19 here.

20 Q Yeah, there is?

21 MR. MURPHY: There you go.

22 A There we go.

23 Q And why did you attach this page?

24 A It -- this shows who was paying

25 for the accounting fees to prepare the

↑

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1 ROUGH DRAFT - FEBRUARY 10, 2023

2 returns.

3 Q And where does it show that?

4 A If you take a look at the

5 description where it says wire type?

6 Q Right.

7 A 165 Charles Street/ -- and I

8 circled Blouin.

9 Q That's it?

10 A Yes.

11 Q And do you know whose account this

12 is?

13 A It comes from Deutsche Bank. I

14 would -- I don't know. I know that she

15 directed the payment.

16 Q And did you make a determination
17 as to whether this was a corporate or
18 personal account?

19 A At this point, I saw it was 165
20 Charles Street, and I saw Blouin.

21 Q So you saw a description that had
22 Blouin in the name, correct?

23 A Yes, sir, I did.

24 Q And was there also a company 165
25 Charles Street?

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1 ROUGH DRAFT - FEBRUARY 10, 2023

2 A That was the owner of the 165
3 Charles Street property.

4 Q But there was a company called 165
5 Charles Street, wasn't there?

6 A According this to this there was.

7 Q Okay?

8 A Two of them, right?

9 Q And it does -- doesn't seem to be
10 a personal account, does it?

11 A I don't know.

12 Q Well, it says business company
13 checking, doesn't it?

14 A Yes, it does.

15 Q And the IRS, you as a revenue
16 officer, can issue a subpoena, right?

17 A Yes, I can.

18 Q And, in fact, you did it with
19 regard to subpoenaing the accountings,
20 right?

21 A I did not subpoena this account.

22 Q But you did that to other people,
23 right? You subpoenaed two employees, right?

24 A Yes, sir.

25 Q And you issue a subpoena to the

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1 ROUGH DRAFT - FEBRUARY 10, 2023

2 accounting firm, correct?

3 A Yes, sir.

4 Q Okay. And go two more pages. I
5 start to see screen shots, and I just want
6 you to tell me what these screen shots are.

7 A These screen shots are the tax
8 payments against the property in Gin lane,
9 366.

10 Q And what is significant about
11 this?

12 A Her name is titled as the account.

13 Q Okay, so the --

14 A Louise Blouin.

15 Q And does that mean, do you know
16 that listed is listed as the owner of the
17 property, or is she the one that receives
18 tax bills on behalf of the owner of the
19 property. Or do you not have an
20 understanding?

21 A I personally went out to the tax
22 recorder and I spoke to the tax recorder.

23 Q And?

24 A They said these are the screen
25 shots. I said is this the title of the

↑

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1 ROUGH DRAFT - FEBRUARY 10, 2023

2 account. She said, yes. It is absent

3 Brickchurch. It is absent Aberdeen. ^ So
4 what? Louise Blouin pays or is responsible
5 for paying the taxes because her name is on
6 the account.

7 Q So certainly after you got this
8 information, you went and tried to figure
9 out from which account the taxes were being
10 paid, right?

11 A I did look at some -- where some
12 of the payments were.

13 Q And?

14 A I looked at them.

15 Q Okay. And what did you find?

16 A Do you have any specific
17 questions.

18 Q Yeah. What did you find? That's
19 my specific question.

20 A I found that the taxes were paid
21 by a bunch of different entities.

22 Q And were some of those entities
23 title companies?

24 A Yes.

25 Q Okay. And did you presume by

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1 ROUGH DRAFT - FEBRUARY 10, 2023

2 that, that those coordinated with the
3 refinance or finance of some of the
4 properties?

5 A Yes, I did because I look at the
6 timing.

7 Q And that's not unusual, right?

8 A That's not unusual.

9 Q Okay. In fact, title companies do
10 require taxes to be brought to date as a
11 condition of closing, correct?

12 A Correct. But the title companies
13 do not pay the taxes for the taxpayer.

14 Q Oh, so that -- so how do you think
15 the title company gets money?

16 A From the taxpayer.

17 Q Oh, do you think that? So when
18 you --

19 A Or from the closing? Sorry.

20 Q Okay. Right. When you refinance,
21 I mean, I hope that you came across this in
22 your investigations, but when you refinance
23 a house or a property, do you understand

24 that there's a new bank coming in to to fund
25 the refinance, right? You're noddin' yes.

↑

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2 A Yes.

3 Q Okay. And do you also know in
4 your experience that from time to time they
5 use things called title companies?

6 A Yes.

7 Q And do you know through your
8 experience that the new lender may wire
9 money to the title company for disbursement.

10 Do you understand that?

11 A That is possible, yes.

12 Q And do you also know from your
13 experience that from time to time the title
14 company will actually pay the taxes that are
15 outstanding from the proceeds that were
16 wired to them from the new vendor?

17 A Yes.

18 Q Nothing suspicious about that,
19 right?

20 A Nothing suspicious about that.

21 Q Okay. And did you, when you came
22 across a payment from a title company,
23 subpoena the title company to see what other
24 disbursements there might be?

25 A No, I did not.

↑

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1 ROUGH DRAFT - FEBRUARY 10, 2023

2 Q And there were other companies,
3 other financial companies that also pay
4 taxes, correct?

5 A Are you speaking specifically to
6 this?

7 Q Yes.

8 A I did try to look for ^ Fred Bynum
9 is one of them.

10 Q Okay. And did you --

11 A I called the guy. I couldn't even
12 see any connection. I got no response.

13 Q And did you figure out anything
14 about that?

15 A I decided to not pursue it any

16 further because when I was at the tax
17 recorder or the tax receiver's office in
18 Southampton --

19 Q Right.

20 A -- they had -- I had asked a
21 series of questions, one of which was, why
22 are there so many different payments, and
23 there were also some payments in there that
24 were unspecified from who it was. You
25 couldn't tell.

↑

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1 ROUGH DRAFT - FEBRUARY 10, 2023

2 Q Right.

3 A And the recorder said --

4 MR. MURPHY: ^ Objection. I'm
5 going to -- this is hearsay.

6 By guy objection this is here
7 said.

8 MR. MURPHY: He asked what he
9 looked into on this. He's responding
10 on that.

11 Q Go ahead. It's okay.

12 A You okay with it?

13 Man man you can keep answer I just
14 noded.

15 A Anyway, the recorder said anybody
16 can come in and pay anybody's taxes.

17 Q Okay.

18 A And then when I produced the
19 summons for the information, she asked me,
20 do you have a good address for these people,
21 because they owe us taxes and everything we
22 sent them billing them for taxes comes back
23 as undeliverable.

24 Q Okay.

25 A And I responded, as an IRS agent,

↑

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1 ROUGH DRAFT - FEBRUARY 10, 2023

2 I can't divulge that information.

3 Q Okay.

4 THE WITNESS: Did you get that?

5 Thank you.

6 Q What is this? Just look at it
7 first before you answer anything.

8 A Okay. I can explain this. You

9 want to ^

10 Q Yeah, but tell me off the record.

11 (Discussion held off the record.)

12 Q I'm showing you what we've marked
13 as your deposition Exhibit 15.

14 Do you have that?

15 A Yes, sir.

16 Q Just tell me what this is.

17 A This is a breakdown of every
18 single assessment that has been made against
19 Louise Blouin under the ITIN number that was
20 assigned to her.

21 Q And just so that we don't have to
22 spend too much time on this, it's broken
23 down by quarter?

24 A Yes.

25 Q And does it -- is it -- does it

↑

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1 ROUGH DRAFT - FEBRUARY 10, 2023

2 include both at assessments for Louise

3 Blouin Media Inc. and/or Art Now?

4 A Yes.

5 Q They're combined in it?

6 A Yes. Where they overlap, you'll
7 see evidence of two assessments.

8 Q Okay?

9 A On some assessments, some period
10 were Art Now only and some assessments were
11 LBM only, but most of them overlapped.

12 (Whereupon,
13 Description
14 were/was marked as
15 Party for
16 identification, as of this date.)

17 Q I'm going to show you what we've
18 marked as your deposition Exhibit No. 16.

19 We talked about the employees that
20 you got in touch with, and ^ Mr. Bostick was
21 one of them, correct?

22 A ^ Corey. It was a female.

23 Q Okay, so ^ Ms. Bostick was one of
24 them, correct?

25 A Yes.

1 ROUGH DRAFT - FEBRUARY 10, 2023

2 Q Do you talk to her on the phone?

3 A Yes, I did.

4 Q Okay. And I saw notes in regard
5 to really short conversations, right, with ^
6 Ms. Bostick.

7 A Yes.

8 Q And Ms. Bostick was one of the
9 remaining employees at Art Now Inc.,
10 correct?

11 A Yes.

12 Q And she provided to you an
13 employment agreement between Louise Blouin
14 Media and herself, and you asked her to
15 provide you with information, correct.

16 A Yes.

17 Q Okay. And is there anything on
18 any of these documents that made you believe
19 that Louise Blouin was somehow in control of
20 Louise Blouin Media Inc.? Oh, it includes
21 also the information from Ms. Carroll.

22 A Um-hmm. Well, one of the things
23 it provided me was she wasn't being paid by
24 Art Now, and she wasn't being paid by LBMI.

25 Q Okay?

↑

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1 ROUGH DRAFT - FEBRUARY 10, 2023

2 A She was being paid by BCI
3 Management Services, which is, I come to
4 find out, also the care of name for
5 Brickchurch now down there on Broadway.

6 Q You're saying the address is
7 similar?

8 A The name line on the account,
9 HSBC.

10 Q And how does that link Ms. Blouin
11 to decision-making determinations on behalf
12 of Art Now Inc.?

13 A Well, you know, I highlighted the
14 letter from Charissa M. Carroll.

15 Q Yeah.

16 A Dated March 2, where she said she
17 was the staff gallery guide, as well as
18 other publications owned by Louise Blouin
19 Media Inc. What was happening here was she
20 was being asked to -- well, actually, here

21 it's in this BSI LTB Limited -- and there's
22 Louise's initials again -- which by the way,
23 wasn't the same thing that was the payroll.
24 And what they wanted to do is they -- let me
25 read the letter.

↑

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1 ROUGH DRAFT - FEBRUARY 10, 2023
2 They were --
3 Q Just so the record is --
4 A They were using her as --
5 Q You're talking about Ms. Carroll?
6 A I'm on Carroll, right.
7 Q Okay.
8 A And the same thing was true in
9 statements that I had, you know, in the
10 conversation that I had with ^ Ms. Bostick,
11 they wanted to dissolve the payroll and make
12 these employees independent contractors
13 responsible for actually paying their own
14 self-employment tax because they didn't --
15 Art Now was no longer going to have a 941.
16 Q And you understood that, and your

17 investigation revealed, that in or around
18 this same time Art Now Inc. and Louise
19 Blouin Media Inc. were relocating their
20 prime operations to another country,
21 correct?

22 A I didn't know what was going on
23 with them. They disappeared, they --
24 because nobody was talking to me. And I was
25 hoping to get something from these folks to

↑

185

1 ROUGH DRAFT - FEBRUARY 10, 2023

2 understand what was going on.

3 Q Were you ever told or did you ever
4 learn that substantially all the operations
5 of the company were moved from the United
6 States to India?

7 A I had to assume that they moved
8 somewhere else. I never got any call or
9 correspondence from anyone of fiduciary or
10 fiscal responsibility for either entity.

11 Q Okay. And when you -- you
12 learned -- you're saying there's something

13 nefarious maybe about the fact that they're
14 moving people from employees to independent
15 contractors, right? Isn't that what you --
16 you thought that?

17 A I disagree with the word
18 nefarious.

19 Q Okay. Well, you thought it was
20 significant in your investigation that
21 people were being moved from employees to
22 independent contractors?

23 A I saw this as further evidence of
24 Ms. Blouin in one of her -- I was convinced
25 Ms. Blouin was making all of the fiscal

↑

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1 ROUGH DRAFT - FEBRUARY 10, 2023
2 decisions on what to do with her various
3 U.S. holdings -- certainly I knew nothing of
4 anything overseas -- to cut expenses and/or
5 just not pay people.

6 Q And did you do any investigation
7 regarding the purpose for which people were
8 being moved from employees to independent

9 contractors?

10 A The only people I talked to were
11 these two employees because there was no one
12 else for me to talk to.

13 Q And in regard to the employment
14 contracts that are attached here to Exhibit
15 No. 16, there's some employment contracts,
16 correct, and addendums?

17 A ^^ Are you talking about the
18 letter from BSILTB Limited?

19 Q Well, let's first talk about --

20 A ^^ This looks like an employment
21 contract; are we talking about that?

22 Q Yeah, but let's first talk about
23 the letter about four pages deep from Louise
24 Blouin Media Inc. to ^Ms. Bostick?

25 MR. MURPHY: February 20, 2014.

↑

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1 ROUGH DRAFT - FEBRUARY 10, 2023

2 Q Yes, February 20, 2014. And did
3 you get the full letter, because I only have
4 part of it here.

5 A I have what you have.

6 Q Okay. And did you notice -- did
7 you have to signed part of it? Did you have
8 the -- I don't know if this was the full --
9 but you did you ever see anything signed by
10 Louise Blouin in regard to employment?

11 A No, I did not.

12 Q In fact, when we look at the BSI
13 Limited thing where it talks about an offer
14 of employment to Ms. Carroll, that's not
15 signed or acknowledged by Louise Blouin or
16 anybody else for that matter, right?

17 A No, it wasn't.

18 Q And if you go further, there is a
19 letter to Ms. Carroll regarding termination
20 of her employment, and that's not signed by
21 Louise Blouin, is it?

22 A No, it is not.

23 Q It's signed by a person named ^
24 Lachesh Jay, correct?

25 A Yes.

1 ROUGH DRAFT - FEBRUARY 10, 2023

2 Q And then you also got some W2s
3 from a couple of the employees, but you
4 already had this information anyway, right?

5 A Yes.

6 Q And so, tell me again what you
7 thought was significant --

8 A Well, wait, can I bring this back?

9 Q Sure.

10 A To be honest with you, you know,
11 this was done in 2018. And one of the
12 things when I spoke to these folks was they
13 were worried about getting their W2s on time
14 to file their returns. And if you'll
15 notice, like, the response date here, they
16 gave me -- they didn't memorial it, so maybe
17 it's -- you're relying upon my testimony.

18 Q Yeah, that's okay.

19 A But I want to say at the time that
20 I served the summons -- it should be in the
21 history -- was probably, maybe two or three
22 weeks before March 20, and they were
23 concerned that they didn't get their W2s,
24 because they were afraid the way the company
25 was evaporating and they were suddenly

↑

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1 ROUGH DRAFT - FEBRUARY 10, 2023
2 having this agreement forced on them to work
3 1099 under this contract, and they were also
4 concerned, speaking to me directly, because
5 they were afraid if their management found
6 out that they spoke to the IRS, that they
7 would somehow have that held against them
8 and they would lose their jobs.

9 (Whereupon,
10 Description
11 were/was marked as
12 Party for
13 identification, as of this date.)

14 Q So I'm showing you what we've
15 marked as your deposition Exhibit 17.

16 A Tell me what page you want me to
17 go to.

18 Q I'm not going to tell you any of
19 that, but I'm going to ask you what it is.

20 What is it?

21 A That would be -- this is the ICS

22 history for Louise Blouin of the case which
23 is still active that I'm working on.

24 Q And this was opened to you as a
25 case, am I right, October 13, 2018?

↑

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1 ROUGH DRAFT - FEBRUARY 10, 2023

2 A Yes, it was.

3 Q And you're the one that caused it
4 to be opened?

5 A By the assessment of the trust
6 fund recovery penalty and the balance due
7 that followed, yes --

8 Q Okay.

9 A -- the case came into being.

10 Q Can you go please go to Page 9 of
11 287.

12 A I'm there.

13 Q And here's another -- in the
14 middle of the page -- where it had a change
15 of address.

16 Do you see that?

17 A Yes.

18 Q And the reason why you made this
19 change of address is because of the problem
20 realized by you in regard to the delivery of
21 the notice of the -- the 1153 letters,
22 right?

23 A I recognized that it was an
24 imprecise address.

25 Q And when you recognized it was an

↑

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1 ROUGH DRAFT - FEBRUARY 10, 2023
2 imprecise address, you went into the system
3 and you cued -- maybe that's not the
4 right -- you directed that the address be
5 directed?

6 A I actually changed the addressed
7 on ICS, yes.

8 Q You're able to do it?

9 A I did that; that was my action.

10 Q Are you able to go into the system
11 and delete things and remove things?

12 A It all depends on what system.
13 There are a number of systems. The master

14 file from which this original address came
15 out, that came out -- if you want an
16 explanation of that?

17 Q I just want to know if you can
18 change the system.

19 A It requires another input document
20 to be processed to change it.

21 Q But you could -- you would delete
22 something from it and replace it with
23 something else, right?

24 A Yeah, there's a process, but the
25 effect is what you say.

↑

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1 ROUGH DRAFT - FEBRUARY 10, 2023

2 Q And just in regard to testifying
3 here today, do you have a memory of most of
4 the things you testified for, or did you
5 rely on the business records of the IRS in
6 order to prepare yourself?

7 A A combination.

8 Q And do you remember every single
9 thing that's in your reports in your

10 investigation files?

11 A Not every single thing.

12 Q Some of the things you had to
13 resort to the business records of the IRS in
14 order to testify in regard to it?

15 A Yes, sir.

16 Q And these same business records,
17 for example, the document that we've marked
18 as your deposition Exhibit 17, can you go
19 into the system and change things that are
20 in the business record?

21 A No.

22 Q And in regard to any of the
23 records that we see -- saw today, is there
24 any ability for you to change -- go into the
25 systems and change any of the records?

↑

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1 ROUGH DRAFT - FEBRUARY 10, 2023

2 A No.

3 Q Okay. And so the systems that you
4 could change are different than the ones
5 that you actually used in this

6 investigation; is that right?

7 A I don't understand the question.

8 Q Yeah. So you told me before that
9 there's certain records that can be changed,
10 and I'm wondering whether or not any of the
11 records that have been produced in this case
12 are included in the type of records that can
13 be changed?

14 A Your question phrased the way it
15 does means the records can be changed for
16 information going forwards, not backwards.

17 Q Okay. So in other words, you can
18 continue to enter -- you can change the --
19 you could input additional information, but
20 you can't go back and change things that
21 have already been entered?

22 A As an example to answer your
23 question, I changed this address so that
24 every notice I generated afterward from ICS
25 would have that address.

↑

2 Q Okay. All right. I get what
3 you're saying. Okay.

4 And in the same page, ^ in 287,
5 you actually say, ICS address should be
6 revised as 366, 376 is not correct.

7 Do you see that?

8 A Yes, I did not put that -- that's
9 another revenue officer.

10 Q Who is that person?

11 A I don't know his name, but I know
12 his number is 2230.

13 Q Okay. And after you made the
14 change, you didn't resend the 1153 letters;
15 is that correct?

16 A The trust fund recovery penalty
17 had already been assessed. Two different
18 actions and time lapse.

19 Q I --

20 A You send the 1153 before the
21 assessment; you don't send it afterwards.

22 Q But the letter you sent got
23 returned, right?

24 A Yes, it did.

25 Q Okay. And then you realized that

↑

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1 ROUGH DRAFT - FEBRUARY 10, 2023

2 the reason why it got return was because you
3 had the bad address in there, right?

4 A I'm not going to say bad; I'm
5 going to satisfy it was imprecise.

6 Q And then you went back and changed
7 the imprecise address, correct?

8 A Yes, I did.

9 Q And then you didn't send a new
10 letter of the type that was returned to you?

11 A Actually, the timely -- the time
12 line for issuing 1153 had passed. The
13 taxpayer was no longer entitled to the
14 rights specified in that letter, so the
15 subsequent letter that was sent was a notice
16 of intent to levy.

17 Q Okay?

18 A And that was addressed correctly.
19 And it was returned as undeliverable,
20 unclaimed.

21 Q And there are requirements to the
22 taxpayer to provide notice of the intent to

23 assess the penalties, right? That's why the
24 1153 letter is sent, right?
25 A Yes, sir.

↑

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1 ROUGH DRAFT - FEBRUARY 10, 2023
2 Q Okay. And the reason why there's
3 a requirement for the letter is because
4 Congress made a determination that, prior to
5 the imposition of the penalties against a
6 person who's not responsible for the payment
7 of taxes as of -- as a direct taxpayer, that
8 we should send a letter to them notifying
9 them of the right to appeal and to challenge
10 and to do all that type of stuff, right?
11 A Correct.
12 Q Okay. And so the purpose of the
13 letter isn't for the administrative task of
14 sticking something in your file, but it's
15 actually to provide notice to the person to
16 whom you seek to impose the penalty,
17 correct?
18 A Correct.

19 Q And there's this thing called the
20 Constitution, and that implies due process,
21 and that's what the IRS is trying to provide
22 the taxpayer, right?

23 A Correct.

24 Q And that's one of the purposes for
25 that letter, correct?

↑

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1 ROUGH DRAFT - FEBRUARY 10, 2023

2 A Correct.

3 Q And so what you are telling me is
4 we tried to send the letter, right? Isn't
5 that -- you tried to send the letter, right?

6 A I sent a letter.

7 Q Okay. And the letter came back,
8 right?

9 A The letter came back.

10 Q And you then updated the address
11 because it was imprecise, to use your word,
12 correct?

13 A That's what I said.

14 Q But you didn't resend the letter

15 in order to have the same person that you
16 directed your return letter to have that due
17 process right that Congress gave her,
18 correct?

19 A Correct.

20 Q Okay. Now, on Page 29 of 287, you
21 noted an address of Louise Blouin at has ^
22 Haus Blauherd Weissenstein in Zermatt 3920
23 Switzerland, did you not?

24 A Yes, I did.

25 Q And you had that as an address

↑

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1 ROUGH DRAFT - FEBRUARY 10, 2023

2 where Ms. Blouin resided, correct?

3 A On May 1, 2019, I did.

4 Q And on July -- and you never
5 confirmed address, right?

6 A No, I did not. I did not have the
7 tools to do that.

8 Q Okay. And you didn't call your
9 IRS agents in Europe -- you got them there,
10 right?

11 A I don't know if they're in
12 Switzerland.

13 Q Well, you've got them in Europe,
14 right?

15 A Certainly the UK, France I know,
16 and I don't know about Germany.

17 Q Okay. And you didn't call anybody
18 to see if you had anybody that could assist
19 you?

20 A No, I did not.

21 Q And as of May 1, 2019, the last
22 known address of Louise Blouin was in
23 Switzerland?

24 A That's what the history says here.

25 Can ask a question?

↑

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1 ROUGH DRAFT - FEBRUARY 10, 2023

2 Q Sure.

3 A Do you have a copy of that 2014,
4 2015, 2016 1120 returns for Aberdeen
5 Enterprises.

6 Q I'm not sure.

7 A I believe they're part of the
8 evidence.

9 Q I'm not sure.

10 A Because these returns were filed
11 in 2017.

12 Q Okay.

13 A Timeline; that's all I'm trying to
14 establish here, but please continue with
15 your line of questioning.

16 Q So if you go to Page 69 of 287 .

17 A Um-hmm.

18 Q You see on the bottom, it talks
19 about your ^ Accurate report that you
20 received, correct?

21 A Um-hmm.

22 Q Yes?

23 A Yes.

24 Q Okay. And in regard to that it
25 says, it was most helpful cross-referenced

↑

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1 ROUGH DRAFT - FEBRUARY 10, 2023

2 information between Louise, Brickchurch

3 Enterprises, and Aberdeen Enterprises,
4 correct?

5 A Yup.

6 Q And then you talk about, again,
7 this whole concept of 192 -- here you say
8 192 Highland Terrace LLC and ^ F Bynum Jr.
9 paying certain taxes, right?

10 A Yes, sir.

11 Q Did you ever investigate what
12 those companies or person was?

13 A The next history, dated 1/13/22, a
14 call was made to counsel on company to speak
15 with ^ Frank Bynum --

16 Q Yup?

17 A -- regarding the real estate
18 payments on the Southampton property.
19 Message left for call back.

20 Q So you never talked to him?

21 A No, sir, I did not.

22 Q And did you ever come to realize
23 whether or not that these companies were
24 management companies?

25 A I relied on the information that I

↑

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1 ROUGH DRAFT - FEBRUARY 10, 2023

2 had from the county clerk or the receiver of
3 taxes in Southampton that said anybody can
4 pay the taxes.

5 Q And do you -- have you come
6 across, in your experience during any of
7 your investigations, properties being owned
8 by a company but being managed by a
9 management company? Have you ever seen that
10 before?

11 A Yes, sir, I have. It happens a
12 lot here in --

13 Q In New York, yeah.

14 And is there anything illegal or
15 suspicious about a management company making
16 payments of property taxes on behalf of the
17 company for whom they're managing?

18 A No. But my motivation for
19 reaching out to ^ Frank Bynum was really to
20 find out, you know, who was directing you to
21 pay the taxes for that property.

22 Q But you never figured that out,
23 did you?

24 A Never got in touch with the
25 person; they never responded.

↑

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1 ROUGH DRAFT - FEBRUARY 10, 2023

2 Q So that concludes what?

3 A That concludes that I never got
4 that information.

5 Q So were you not able to factually
6 represent one way or the other whether there
7 was something wrong with what was being
8 done --

9 A I didn't say there was anything
10 wrong.

11 Q Okay. You didn't come to any
12 information that suggested that there was
13 something that suggested that there was
14 something that wasn't right about that?

15 A I beg to disagree. I think your
16 line of questioning is misreading my
17 motivations for wanting to speak with Frank
18 Bynum.

19 Q Okay.

20 A I wanted to know who's directing
21 you to pay the taxes against the property.
22 That's all I wanted to know.
23 (Whereupon,
24 Description
25 were/was marked as

↑

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1 ROUGH DRAFT - FEBRUARY 10, 2023
2 Party for
3 identification, as of this date.)
4 Q I'm showing you what we've marked
5 as your deposition Exhibit 18.
6 Have you got that in front of you?
7 A Yes, sir.
8 Q This is stuff you printed from the
9 Internet, right?
10 A Yes, sir.
11 Q And you highlighted certain stuff,
12 right?
13 A Yes, sir.
14 Q And the first article that you
15 have, was this -- was this packet of

16 stuff -- there's a bunch of articles you can
17 go through. Was any of this stuff -- did it
18 influence your decision regarding whether to
19 file the -- first, the penalties again
20 Ms. Blouin?

21 A Yes.

22 Q And did you -- what did you do --
23 so the first one is an article from The
24 Star; is that right?

25 A I believe it says The World,

↑

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1 ROUGH DRAFT - FEBRUARY 10, 2023

2 right?

3 Q I'm just looking down at the
4 bottom.

5 A And then there's a banner that
6 says -- but that's an advertisement.

7 Q But way up top it says,
8 WWW.TheStar.

9 A It says -- yeah, guess it says The
10 Star and then all the bylines.

11 Q What do you know about that

12 magazine?

13 A Very little.

14 Q Gossip? Is it a tabloid? Is it
15 more like CNN? Do you know anything about
16 it?

17 A No, I know nothing about it.

18 Q And do you know anything about the
19 author, what type of work he performs?

20 A You mean Tanya Talaga, global
21 economics reporter?

22 Q Yes. I want to know what you know
23 about her.

24 A That she's Tanya Talaga, global
25 economics reporter.

↑

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1 ROUGH DRAFT - FEBRUARY 10, 2023

2 Q Did you call her?

3 A No, sir, I did not.

4 Q And you used this information
5 to -- towards your investigation, a news
6 article, right? Right?

7 A I did include this in the package.

8 Q A magazine or online news blog,
9 whatever it is, that you never heard of,
10 right?

11 A Yes, sir.

12 Q Okay. By an author you never
13 heard of, correct?

14 A By an author I never heard of.

15 Q With no -- nothing done by you to
16 confirm anything in the article, correct?

17 A Your line of questioning
18 presupposes that I used this specific thing
19 here as the basis. There is a preponderance
20 of evidence I was drawing upon to make my
21 determination.

22 Q Okay.

23 A So I included this as a part of a
24 larger body of evidence.

25 Q And the article is about people

↑

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1 ROUGH DRAFT - FEBRUARY 10, 2023
2 that use offshore tax shelters, and it has a
3 picture of Louise Blouin on the front there,

4 right?

5 A Yes, sir, it does.

6 Q Is there anything illegal about a
7 properly set up tax shelter by people who
8 are not citizens of the United States?

9 A It depends upon if the tax shelter
10 is legal or not.

11 Q Right. But you never made a
12 determination that anything of Louise
13 Blouin's entities that she may or may not
14 have used as tax shelters were legal or not
15 legal, did you?

16 A I was not developing a case for
17 fraud or referral for a tax shielder.

18 Q Okay.

19 A I was just using this as
20 additional information to draw a profile of
21 Louise and her ability to, or inability to
22 manage her finances responsibly here in the
23 United States.

24 Q And then there's another article
25 that follows that one where it is talks

1 ROUGH DRAFT - FEBRUARY 10, 2023

2 about -- it's an article from The
3 Observer.com.

4 Do you see that? It's the next
5 one. It has the big shot of Ms. Blouin.

6 A So I'm going through all of these
7 pages here and I'm going to this guy, right?
8 Oh, no. I missed some.

9 Q You're going to go beyond that.

10 A Okay, this one.

11 Q What do you know about The
12 Observer.

13 A I've heard the name, but I know
14 nothing specific about The Observer.

15 Q And what about Mr. Steadman who
16 wrote the article?

17 A I've heard the name before, but I
18 couldn't tell you anything about him and his
19 character. And did I not call him.

20 Q And this is one of the articles
21 you also used as part of -- relied upon in
22 your investigation to bring penalties
23 against Ms. Blouin?

24 A I included this into the file,

25 yes, I did.

↑

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1 ROUGH DRAFT - FEBRUARY 10, 2023

2 Q And the next article is from News
3 Artnet.

4 A Is it titled The Rise and Fall of
5 Louise Blouin Art Media Empire.

6 Q That's correct.

7 A I'm here.

8 Q And what about that News Artnet,
9 have you ever heard of that company before?

10 A No.

11 Q And you highlighted a bunch of
12 stuff in here, right?

13 A Yes, sir.

14 Q Did you consult with your
15 counsel -- don't tell me what they told you,
16 but did you consult with them as to whether
17 or not these articles that you took off the
18 Internet are even admissible in court, that
19 would help you prove your case if put to the
20 test?

21 A Which case are you referring to?

22 Q Any case which seeks to impose the
23 penalties against Ms. Blouin.

24 A Okay. I just wanted to make sure
25 I knew what you were talking about.

↑

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2 Q Okay.

3 A No, I did not have to seek counsel
4 for the authority.

5 Q Do you already know the answer?

6 A Again, your misrepresentation of
7 your line of question is assuming I relied
8 on this and solely this to make the
9 assessment determination. I'm not required
10 to consult with counsel, generally, making
11 trust fund recovery penalties.

12 Q Now, the next one is the New York
13 Post, right?

14 A Let me get there.

15 Q Is that a tabloid --

16 A This one here.

17 Q Yeah. Is that like entertainment
18 news in New York, or is that where everybody
19 gets their solid news in New York?

20 A It all depends on who you talk to
21 and who reads it. But it's widely
22 circulated and there are a lot of people who
23 believe it's gospel.

24 Q But it's a tabloid, right?

25 A It's not my call here. You're

↑

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1 ROUGH DRAFT - FEBRUARY 10, 2023

2 asking for my opinion; I don't feel it's
3 relevant.

4 Q Well, I can tell this, is that you
5 seem to be worldly enough to read the
6 newspaper, the Internet, or something like
7 that, right? You do that, right, keep up on
8 the news?

9 A Obviously, I did read the Internet
10 here, right?

11 Q Yeah. But in regard to where you
12 go for your information, is the New York

13 Post one of those things?

14 A It tells me what one sector of the
15 population is thinking is true.

16 Q Okay. And if you were to compare
17 the New York Times, for example, with the
18 information that you read in the New York
19 Post, which would you more likely rely upon
20 if given the choice?

21 A The New York Times is a better
22 researched paper.

23 Q And what about The Observer where
24 your next article comes?

25 A Well, they all seem to be

↑

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1 ROUGH DRAFT - FEBRUARY 10, 2023
2 documenting the same thing. Can all of
3 these papers be wrong? They all seem to say
4 thing about this woman.

5 Q Is The Observer.com, is that a
6 paper that you had heard before printing
7 this article?

8 A Didn't we refer to The Observer

9 earlier in this?

10 Q We didn't?

11 A You didn't. Maybe I have that
12 confused with.

13 MR. MURPHY: There are two
14 articles from The Observer.

15 MR. MESSINGER: Oh, is there. You
16 might be right.

17 A Okay. So whatever the answer to
18 that question was, I'll --

19 MR. MURPHY: ^ Hold on. Repeat
20 it, please. You don't have to read it
21 back, just take it down.

22 MR. MESSINGER: I got it.

23 Q Okay. Now, have I missed the gist
24 of any information that you relied upon in
25 making the determination that the penalty

↑

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1 ROUGH DRAFT - FEBRUARY 10, 2023
2 should be imposed or assessed against Louise
3 Blouin?

4 MR. MURPHY: Objection; that calls

5 for a summary.

6 A Well, actually I do have
7 something. I mean, you know, as you were
8 flipping through The Observer, The Observer
9 says, In recent years, Ms. Blouin's media
10 empire has begun to show signs of stress.

11 Q Okay.

12 A In July 2010, a group of long
13 unpaid art info freelances formed an
14 organized movement -- blah, blah, blah --
15 and then at various time employees have been
16 locked out of their Chelsea offices by
17 building management and shut out of their
18 own website by its web hosting firm.

19 Q Okay.

20 A The lights and Internet have been
21 shut off. According to New York State court
22 filings, Louise Blouin, her company, and her
23 foundation have variously been sued by their
24 landlord, their printer Fed Ex, an office
25 supply company, a marketing consultant, a

1 ROUGH DRAFT - FEBRUARY 10, 2023

2 freelance web developer and two interior
3 directors for nonpayment.

4 Q Okay?

5 A And I might add one more thing,
6 please. There was a filing for unpaid
7 employees that were trying to get paid wages
8 that were due them that were not paid.

9 Q There's nothing wrong with a
10 company going out of business, right, or
11 struggling financially?

12 A It happens.

13 Q Right.

14 A Whether it's wrong or not, it's
15 immaterial.

16 Q That might be a moral issue, but
17 it's not a legal issue, right?

18 A Well, if they're not paying their
19 employees or they're not paying their taxes
20 when they go out of business and they're
21 leaving behind a bill, there is a legal
22 issue, is there not? That's what you do for
23 a living, isn't it Mr. Messinger?

24 Q ^ I don't think so.

25 A No, representing people who don't

↑

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2 pay their bills or can't pay their bills,
3 bankruptcy, come on.

4 Q No.

5 A All right.

6 Q Anyway, I'm sorry. I apologize.

7 We've got to keep it down. We've got to
8 move this along. We're almost done.

9 (Whereupon,
10 Description
11 were/was marked as
12 Party for
13 identification, as of this date.)

14 Q Mr. Gould, I'm showing you what
15 we've marked as your deposition Exhibit No.
16 19.

17 Do you have that in front of you?

18 A I have that in front of me.

19 Q And this is the recommendation to
20 assess the penalty against Ms. Blouin that
21 was signed by your group manager, Jeff

22 Payton, just prior to sending out the
23 letters in July to Ms. Blouin, correct?

24 A Correct.

25 Q And did you type the summary that

↑

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2 appears in Section 1?

3 A Yes, I did.

4 Q And where is this submitted?

5 Like, what's the process here?

6 A Basically, this narrative in here
7 is my recommendation, as it says on the top,
8 to assess the penalty -- or no, to begin the
9 penalty assessment process. Meaning, issue
10 the 1153. I cannot issue an 1153 until
11 after this is prepared and submitted for
12 approval by Mr. Payton.

13 Q Now, the first sentence, you
14 write, Ms. Blouin is the owner and president
15 of the debtor corporation.

16 And my question to you is: How
17 did you conclude that?

18 A Because she acquired it, she was
19 the --

20 Q In her name?

21 A I had come to determine that she
22 owned the company, whether it was through
23 namesakes or whatever, so I drew a direct
24 conclusion that she was the owner and
25 president of the debtor corporation from all

↑

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1 ROUGH DRAFT - FEBRUARY 10, 2023
2 the information I had available at the time.
3 Q Okay. And the next sentence says,
4 During the course of the TFRP investigation,
5 it was discovered that she had made all the
6 decisions regarding the financing of the
7 payroll and noncompliance with the 941
8 filing and depository requirements?

9 Do you see that?

10 A That was the determination that I
11 made to request approve to issue the 1153.

12 Q Yeah, I got that you wrote that
13 and I got that that was one of your

14 recommendations, what I don't understand is
15 how you made that conclusion.

16 A All of my dealing with the
17 employees and/or incidental case actions
18 that happened on Art Now led me to that
19 conclusion.

20 Q Two employees that you
21 interviewed, right?

22 A Right.

23 Q And did you have statements from
24 them, affidavits from them, a letter from
25 them saying that she made all the decisions

↑

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1 ROUGH DRAFT - FEBRUARY 10, 2023
2 recording the financing of the payroll and
3 the filings of the 941s?

4 A Well, actually, the decisions were
5 to ignore the filing and payment of the
6 941s.

7 Q Okay.

8 A So that is a misstatement in a
9 way, but this was, you know, I would say

10 boilerplate language that I normally used
11 when I, you know, when I get the approval to
12 send out the letter. But, really, it was
13 her nonpayment and nonfiling and refusal to
14 designate anything to resolve unfiled unpaid
15 taxes at the time that I was making an
16 effort to collect them. That's what that
17 statement means.

18 Q Your next sense it says, Her role
19 as employer, right -- what do you mean by
20 her role as an employer?

21 A Well, it's -- it's -- what's the
22 word I'm looking for?

23 Q False?

24 A There you go.

25 Predicated is the word I'm looking

↑

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1 ROUGH DRAFT - FEBRUARY 10, 2023

2 for. That sentence is predicated on the
3 sentences I drafted before it.

4 Q Okay. And what does the fact that
5 Ms. Blouin, as you write here, controls

6 multiple businesses, what does that have to
7 do with anything?

8 A It establishes a pattern that
9 she's a repeater.

10 Q A repeater of what?

11 A Nonfiling and nonpayment.

12 Q And with the other companies that
13 you found that besides the one that's called
14 Louise Blouin Media Inc., did you find that
15 to be the case?

16 A Actually, there were entities
17 listed in the beginning of Art Now. And,
18 you know, when you directed my attention to
19 the statements of ^ Corey Bostwick, and --
20 when they told me the payroll company, there
21 were readouts in the back of that where I
22 actually tried to take a look at what these
23 entities were, and I saw they weren't filing
24 returns, and --

25 Q Were they required to?

↑

2 A Well, they were making payroll;
3 they were doing something.

4 Q What do you do about that?

5 A I wish I had more energy and time
6 to devote to the world that comprises all of
7 Louise Blouin's holdings, but I had to say
8 focused on the trust funds.

9 Q Okay. Now, you also write in your
10 last sentence that she's not a U.S. citizen.

11 That's not significant, right?

12 A It's just a statement of fact.

13 Q Okay. And she owns significant
14 real estate holdings through various LLCs
15 and corporate entities. And you say and
16 Upon which to effect collection.

17 Why would you write that?

18 A Okay. So, basically, I'm
19 establishing three elements here.

20 Q Go on.

21 A Responsibility, willfulness, and
22 collectibility. So that last statement
23 speaks directly to collectability.

24 Q Well, the fact that the IRS can't
25 collect something doesn't mean they can just

↑

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1 ROUGH DRAFT - FEBRUARY 10, 2023

2 do whatever they want, right? You can't
3 just, without grounds, impose a penalty
4 against a person. We talked about due
5 process, right?

6 A Can you restate that sentence; it
7 didn't sound right.

8 Q Yeah. The IRS can't to whatever
9 they want just because they're not
10 collecting tax for employee tax or something
11 other thing that's due them, right?

12 A I can't agree with that statement
13 because it doesn't apply to this scenario.

14 Q I think I'm done with you.

15 MR. MESSINGER: And for the
16 purposes of time, I'll pass him with
17 the right to come back.

18 MR. MURPHY: I'm going to make my
19 same objection that I made earlier
20 today that ^ Mr. Al dinning does not
21 represent a party to the contested
22 matter, and it's the IRS's position

23 that he should not be asking questions.

24 I hope you can be brief.

25 MR. MESSINGER: Oh, can I ask one

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1 ROUGH DRAFT - FEBRUARY 10, 2023

2 more question. Sorry.

3 BY MR. MESSINGER

4 Q You've had in the past

5 communications with Tom Ostrander of my

6 office, right?

7 A Yes.

8 Q And Mr. Ostrander had asked you at

9 some point in time to provide certain

10 information regarding proof of mailing of

11 the 1153; is that correct?

12 A I remember his question to be, can

13 you show me the letter that you sent.

14 Q And did he follow up with you at

15 some point and say, can you show me prove of

16 mailing?

17 A Well, basically, he observed that

18 there was no date on this letter.

19 Q Right.

20 A So he was unsure of when this
21 letter was sent out. I don't remember if I
22 conveyed to him the date.

23 Q Well, why when you were able to
24 produce to Mr. Murphy the letter dated and
25 also with prove of mailing, with the return,

↑

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1 ROUGH DRAFT - FEBRUARY 10, 2023

2 the envelope coming about, says
3 undeliverable, why did you not send that to
4 Mr. Ostrander when he had asked for it?

5 A The copy that we went over earlier
6 noted as Exhibit -- whatever.

7 Q Yeah.

8 A -- was taken from the actual file,
9 the assessment file that was in Fresno,
10 California.

11 Q Okay.

12 A When Mr. Ostrander asked me for a
13 copy of this letter, I did not have that
14 file. So to produce this file, I just went

15 on the ATFR system from which all these
16 documents were -- what's the word I'm
17 looking for?

18 Q Stored?

19 A Yeah, they're stored. Generated.
20 That's the word, generated. And when the
21 letters come out -- if you'll notice the
22 original one --

23 Q You wrote the date.

24 A I wrote the date, because they
25 don't come out with a date on them. You

↑

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1 ROUGH DRAFT - FEBRUARY 10, 2023
2 have to handwrite a date on it. So
3 basically, what I gave him was a copy of the
4 letter that was issued 7/16/2017, 2018
5 whatever. But to satisfy Mr. Ostrander's
6 request, I said, here this is a copy of the
7 letter that was sent. I did not turn around
8 and backdate it. I just gave him what the
9 system gave me.

10 Q But the other thing you didn't do

11 is you didn't tell Mr. Ostrander that the
12 letter that you sent came back as
13 undelivered, right?

14 A He didn't ask he.

15 Q Oh, okay. I get it. If he would
16 have asked, you would have said, yeah, this
17 is the letter.

18 But he did ask you for proof of
19 mailing, didn't he?

20 A I don't recall.

21 Q Okay. I think I do.

22 And if he would have asked for it,
23 would you have given it to him?

24 A I didn't have it in my possession
25 to give it to him.

↑

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1 ROUGH DRAFT - FEBRUARY 10, 2023

2 MR. MESSINGER: I will now pass
3 the witness.

4 MR. MURPHY: And I have the same
5 objections. ^ asking question is not a
6 party to ^ matter, and I hope in the

7 interest of the hour he can try to be
8 brief.

9 @@ I always try to be brief. Now
10 if the witness is able to be brief.
11 And, again, I have my same response.
12 We are the largest creditor of the
13 estate. We have standing in that
14 regard, and ^ our.

15 Q Mr. Gould, Exhibit 14. Do you
16 still have that in front of you?

17 A I can find it. What does it look
18 like?

19 Q I understand it to be the
20 documents, the exhibits to a memorandum that
21 you may have written to a nominee ^ nome
22 nice.

23 Rick Rick it has the Mazors chart
24 on it at the end.

25 A Okay, I got it.

↑

225

1 ROUGH DRAFT - FEBRUARY 10, 2023

2 Q So did I understand your earlier

3 testimony correct, these are exhibits to a
4 memorandum that you wrote where in you
5 concluded that there was nominee liability
6 on behalf of writing church enterprises
7 Inc.?

8 A You are correct.

9 Q Are these all of the documents
10 that support that conclusion?

11 A There was also the memo itself in
12 which an analysis was made explaining all of
13 their inner connect tiff which is
14 attorney/client privilege.

15 Q Rate I asked are these all the
16 documents that support that that analysis
17 was based on something. Is this what it's
18 based on? All the documents?

19 A I would say, yes.

20 Q And I think you said earlier in
21 your testimony that you choose nominee over
22 alter ego.

23 Why did you choose nominee?

24 A Because I saw the property as
25 existing in place and that Louise was using

↑

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1 ROUGH DRAFT - FEBRUARY 10, 2023

2 it as a nominee for her own interest,
3 financial interest. And then I wasn't the
4 last word on this because I'm not an
5 attorney. I do have a good -- fairly decent
6 knowledge of law, but that's why I went to
7 counsel and counsel agreed it was a nominee
8 situation. So I wasn't the last word.

9 Q Is that the full and complete
10 answer to that question?

11 A I have nothing further to add.

12 Q Is there was a question earlier
13 about compensation or consideration that was
14 paid for the property nothing we never got
15 an answer to it let me ask it again it's my
16 understanding that Aberdeen bought the
17 property itself I'm talking about the
18 property that consist of 366 begin rain and
19 376 examine lane.

20 Q That's what the records tell.

21 Q Do you have any reason to believe
22 it didn't pay compensation when it bought
23 it?

24 A I'm confused you said no
25 consideration and you cited that from

↑

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1 ROUGH DRAFT - FEBRUARY 10, 2023
2 earlier testimony. No consideration phrase
3 I got right off of the Dee where Aberdeen
4 transfer I had it's interest in 376 to
5 Brickchurch for know consideration it's on
6 the document. Now the question you're
7 asking me is did Aberdeen get the property
8 for know consideration is that what you
9 saying.

10 Q Did it -- I think my question was
11 do you have any reason to believe that
12 Aberdeen didn't pay fair consideration for
13 the property when it purchased it?

14 A I never even said that, no. They
15 bought it at length but I never saw the deed
16 who they bought it from there is a record
17 obviously from the things you guys submitted
18 in bankruptcy who showed who the prior owner
19 was I didn't know who it was.

20 Q Do you have any reason to believe
21 that Aberdeen didn't pay fair consideration
22 for the property when it purchased it?

23 A From whom.

24 Q From whoever?

25 A I would have to say they paid fair

↑

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1 ROUGH DRAFT - FEBRUARY 10, 2023

2 consideration for it.

3 Q What information do you have that
4 Ms. Blouin exercises control or dominium
5 over Brickchurch Enterprises Inc.?

6 A The preponderance of evidence I
7 gather and what I drew from em.

8 Q What evidence?

9 A Everything we went through today
10 here.

11 Q Anything else?

12 A I answered all of Mr. Messinger's
13 questions regard go question, so I'll let
14 the record speak to.

15 Q I don't believe you did. I'll ask

16 you to answer my question. Anything else?

17 Ted Ted we talked about it for
18 hours today. I think it's clear.

19 A Not that I can think of at the
20 moment.

21 Q Are there any documents that you
22 need to review to refresh that recollection?

23 A No, sir.

24 Q What information do you have that
25 miss blue enjoys the again fits of the joint

↑

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1 ROUGH DRAFT - FEBRUARY 10, 2023
2 the property I'm talking about brick search?

3 A She owns it and she finances it
4 and I believe she's trying to make rent on
5 it. Other than that it's an es it assets
6 can be enjoined.

7 Q She owns it?

8 A That was my conclusion as a
9 nominee.

10 Q All right air saying she owns it
11 isn't that a circular arresting all air

12 Craig that Mabon Cruz he meets the element?

13 A It wasn't my conclusion I had
14 counsel.

15 Q It says makes it circular to is
16 the legal owner Ted Ted it's the totality of
17 the evidence that.

18 Q Breath breath you're a lows not to
19 loud?

20 A I don't recognize your standing.

21 Q It doesn't matter what you?

22 A I'm trying to answer your question
23 whether you like the answer or not. There's
24 nothing more I can say.

25 Q Who is the legal owner of the

↑

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1 ROUGH DRAFT - FEBRUARY 10, 2023

2 property?

3 A According to the deed which
4 property are we talking about.

5 Q 366 begin lane.

6 Q That would be Brickchurch
7 according to the title there.

8 Q And what evidence do you have that
9 Ms. Blouin enjoys or benefits that property?

10 A The preponderance of evidence that
11 I gathered to make the nominee lien filing
12 request.

13 Q Again what evidence, again what
14 evidence the stuff you pointed to plus.

15 Q Fair enough?

16 A You want to hear the answer please
17 give me a moment to take for you so you
18 don't have to ask me again.

19 Q Okay?

20 A This evidence here the conclusions
21 that I drew from it because as you go
22 through individual pieces of paper they say
23 they gave you a little bit of a picture it's
24 the analysis that gives you the bigger
25 figure.

↑

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1 ROUGH DRAFT - FEBRUARY 10, 2023

2 Q And air referring to Exhibit 14,
3 right when you make the prior statement?

4 A This is Exhibit 14, yes.

5 Q You would agree with me that
6 analysis are facts are evidence its
7 analysis, right?

8 A Analysis is conclusions drawn from
9 a set of data an dated point.

10 Q And the set have data is what we
11 marked as Exhibit 14 right?

12 A Not solely this but yes this is
13 what has been entered into the record.

14 Q What else that as than the been
15 enter into the record.

16 Q As I was answering Mr. messenger
17 question there were conversations I had like
18 with the tax account there and let's see
19 what else I'm going to leave it at that
20 because that's all I can recall at this
21 point in time.

22 Q Any records that you are aware of
23 that might we fresh your recollection?

24 A I don't recall at this time.

25 Q What evidence do you have that Ms.

1 ROUGH DRAFT - FEBRUARY 10, 2023

2 Blouin pace the expenses directly or is a
3 spores solve funds for payments of the
4 Spencer for 366 begin lane?

5 A The light bell or the electricity
6 list for starter or the name on the property
7 tax records, the water.

8 A I can't see further if I do I'll
9 let you know.

10 Q Do you know if link chin maintains
11 its own books and records and I'm talking
12 Louise Blouin or any other entities?

13 A It appears it doesn't maintain
14 it's own records.

15 Q Based on what?

16 A The packet.

17 A They team to be sign when
18 something came up with respect to a
19 refinanced and they add to meed that legal
20 sufficient cyst for a deal to go through.

21 Q Other than what you dated there
22 any other reason to believe that Brickchurch
23 Enterprises Inc. doesn't maintain it's own
24 books and records?

25 A The conclusion that I drew that

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1 ROUGH DRAFT - FEBRUARY 10, 2023

2 brick is a nominee and now a alter ego,
3 there was no alter ego Norwick church I have
4 to back off that it's a nome fee everything
5 I was able to determine is she didn't keep
6 books and records I didn't see any, I was.

7 Q What efforts cough that miss ever
8 commingled funds well according to the tax
9 returns there is evidence that she is a debt
10 or, right it's in the bankruptcy petition
11 it's in the returns I believe in the sense
12 agreement you agreed to she was due to get,
13 10 million, Ms. Blouin?

14 A Yes.

15 Q You understand he's a accident for
16 in bankruptcy?

17 A No I'm saying that, what I mean to
18 say is that Brickchurch Ozer money, right.

19 Q What do you base that on?

20 A Base I remember seeing a document

21 that said that as far as the financing
22 agreement was concerned specific funds were
23 segregated to Ms. Blouin from that financing
24 agreement \$10 million, so she had a
25 financial interest in that property which

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1 ROUGH DRAFT - FEBRUARY 10, 2023

2 means the property owes her 10 million.

3 I -- it's fair to assume that those funds

4 are, well let's just say they're fungible

5 there is no boundary between the two how

6 does bring church over her money when it's.

7 Q You understand Brickchurch is a

8 company, correct?

9 A Brickchurch owns the Brown's and

10 Louise Blouin owns Brickchurch Enterprises

11 Inc. and those are the conclusions that were

12 draw.

13 Q Any other evidence of commingling

14 of assets?

15 A I have nothing here in the

16 evidentiary file.

17 A Can I ask a question.

18 Q No you may not.

19 Q On Exhibit 14 I'm going to show
20 you so you can find it it's these black
21 boxes?

22 A Yep I'm on that page.

23 A These black boxes are not IRS
24 records, are they.

25 A No they are a the not.

↑

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1 ROUGH DRAFT - FEBRUARY 10, 2023

2 Q They weren't created by the IRS
3 were they?

4 A They were not.

5 Q I don't have any further questions

6

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